TRS

Member Handbook

Teachers' Retirement System of Alabama

How to reach us.

Phone **877.517.0020** or **334.517.7000**

Fax **877.517.0021** or **334.517.7001**

Email **trsinfo@rsa-al.gov**
Because email submissions are unsecured, do not include confidential information like your Social Security number. Please include your full name, employer, home mailing address, and daytime phone number.

Mail The Teachers' Retirement System of Alabama
P.O. Box 302150
Montgomery, AL 36130-2150

Website www.**rsa-al.gov**

Member Online Services (MOS Login)
View your account statement online
https://**mso.rsa-al.gov**

Building Location
201 South Union Street
Montgomery, Alabama

Business Hours
8:00 a.m.-5:00 p.m.
Monday-Friday

Please provide your full name and Social Security number on all faxes and letters.

TRS Member Handbook

It is the mission of the Retirement Systems of Alabama to serve the interests of our members by preserving the excellent benefits and soundness of the Systems at the least expense to the state of Alabama and all Alabama taxpayers.

We are the safe keepers of the pensions for thousands of Alabamians and we take our jobs seriously. It is our goal to seek and secure the best investments and services for our membership, and to ensure that we do everything possible to help our members prepare for and enjoy a successful retirement.

View your retirement information on our Member Online Services website https://mso.rsa-al.gov.

Use Member Online Services to:

- View your account details
- Update your contact information
- Make requests to the RSA
- Check the status of your requests

PEEHIP Members can:

- View current coverage(s)
- Enroll in PEEHIP or change coverage(s)
- Upload required documents
- Make PEEHIP payments

The information in this handbook is based on the Code of Alabama 1975, Title 16, Chapter 25 for TRS and Chapter 25A for Public Education Employees' Health Insurance Plan (PEEHIP). This handbook 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 Chapters 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 handbook to make any decision regarding your retirement, but contact the TRS with any questions you may have about your benefits and retirement.

Table of Contents

About TRS 4
- Our Mission 4
- TRS Board of Control 4
- Visit the RSA Website (www.rsa-al.gov) 4
- Map and Directions 5

Membership 6
- Defined Benefit Program 6
- Mandatory Participation 6
- Tier 1 or Tier 2 6
- Member Online Services (https://mso.rsa-al.gov) 6
- Annual Statement of Account 6
- Designation of Beneficiary 7
- Change of Address 7

Contributions 8

Types of Creditable Service 9

Vesting 9

Termination of Service 10
- Ineligible for Retirement 10
- Refund of Contributions 11
- Table of Refunds 11

Purchasing Additional Service Credit 12
- Military Service in the U.S. Armed Forces 12
- Noble Eagle Service (Act 02-430) 13
- Restoration of Withdrawn Service Credit from the RSA 13
- Maternity Leave Without Pay 13
- Out-of-State Public Service 13
- TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps 14
- Department of Defense Dependent School Service 14
- Sources of Funds 14

Death of a Member Prior to Retirement 15
- Preretirement Death Benefit 15
- Term Life Insurance Benefits 16
- Change of Beneficiary 16
- Reporting the Death of a Member 16

Retirement Benefits 17
- Service Retirement 17
- Disability Retirement Tier 1 and Tier 2 Members 18
- TRS Guide to Retirement 18
- TRS Retirement Preparation Timeline 19

Sick Leave Conversion 20

Computing Your Retirement Benefit 21
- Tier 1 Members 21
- Retirement Formula for Maximum Monthly Benefit 21
- RSA Website Calculator (Tier 1 Members) 21
- Tier 2 Members 22
- Retirement Formula for Maximum Monthly Benefit 22
- RSA Website Calculator (Tier 2 Members) 22

Maximum or Optional Monthly Benefit 23
Maximum Monthly Benefit 23
Optional Monthly Benefit 23
Replacement Beneficiary 23

Partial Lump Sum Option Plan (PLOP) 24
Benefit Reduction Table 26

Deferred Retirement Option Plan (DROP) Tier 1 Only 27
Continued Service after the DROP Participation Period 27
Distribution of DROP Account 28
Reemployment with the RSA after Withdrawal from Service 28

Postretirement Employment 29
Employment Restrictions 29
Contract Employment 29
Private Employment 29
Disability Retiree 29
Employment with the ERS 30
Elected Officials 30
Full-Time Employment with the TRS 30

Retiree Information 31
Cost-of-Living Adjustments (COLAs) 31
Direct Deposit 31
Tax Information 31
Deductions from Your Retirement Benefit Check 31

RSA-1 Deferred Compensation Plan 32
Employee Eligibility 32
Employee Enrollment 32
Easy to Make Contributions 32
Rollovers 33
Tax Savings 33
Retirement Savings 34
Contact RSA-1 34

Public Education Employees' Health Insurance Plan (PEEHIP) 35
PEEHIP Information 35

RSA Publications and Notifications 36
Member Handbooks 36
RSA-1 Deferred Compensation Plan 36
Educational Opportunities 36
RSA Annual Report 36
Annual Comprehensive Financial Report (ACFR) 36
RSA Newsletter 37
RSA Website (www.rsa-al.gov) 37
Annual Statement of Account 37
RSA-1 Statement 37
DROP Account Statement (Tier 1 Only) 37
Postretirement Employment Notification 38
Terminated Account Information Request 38

About TRS

Our Mission

The mission of the Retirement Systems of Alabama is to serve the interests of our members by preserving the excellent benefits and soundness of the Systems at the least expense to the state of Alabama and all Alabama taxpayers.

TRS Board of Control

Responsibility for the management and administration of the TRS is vested in a 15-member Board of Control. The board consists of the following members:

- State Superintendent of Education, Ex Officio
- State Treasurer, Ex Officio
- Director of Finance, Ex Officio
- Twelve members of the TRS, all elected by the TRS membership
    - Two retired members
    - One city or county superintendent
    - One principal
    - One from postsecondary education
    - Three active teachers in grades K-12
    - Two education support personnel
    - Two higher education members

The Board of Control has full power to invest and reinvest the retirement funds through the Secretary-Treasurer. The Board elects the Secretary-Treasurer, who serves as the Chief Executive Officer of the RSA and is responsible for the day-to-day management of the RSA.

Visit the RSA Website (www.rsa-al.gov)

The TRS strongly encourages its members and member agencies to browse this user-friendly site because of the tremendous amount of useful information and interactive tools available. In addition to PEEHIP information, agency information, and retiree information, the items below can be found on our website:

Retirement Benefit Calculator	Publications and forms
TRS Retirement Videos	Legislation affecting the RSA
The best ways of contacting the RSA	Retirement planning information
View account statement online	Investment performance
Rates of Return for RSA-1	

Map and Directions

From the West

Follow Highway 80 to I-65. Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane; then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park for free in the Member Services parking lot in front of the parking deck.

From the East

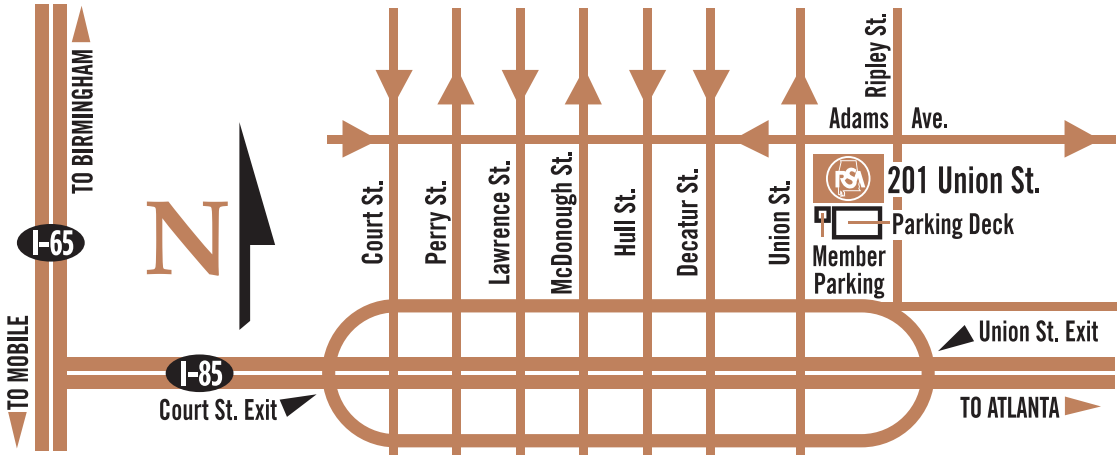
Follow I-85 South to downtown Montgomery and take the Union Street exit on the right. Take the first right on the service road onto Union Street. Continue on Union Street through one traffic light. The RSA Headquarters is on the right before Adams Avenue. Members may park for free in the Member Services parking lot in front of the parking deck.

From the South

Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane; then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park for free in the Member Services parking lot in front of the parking deck.

From the North

Follow I-65 South into Montgomery. Take the I-85 North exit to the right to Atlanta. Stay in the right-hand lane and take the first exit on I-85, which is the Court Street exit. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park for free in the Member Services parking lot in front of the parking deck.



Membership

Defined Benefit Program

The TRS is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. Since its inception in 1941, the plan has provided disability and service retirement benefits to members and survivor benefits to qualified beneficiaries.

A defined benefit plan provides the employee with a specific benefit at retirement by calculating the retirement benefit based on a formula. Benefits are payable monthly for the lifetime of the member, possibly continuing for the lifetime of his or her beneficiary. The *Code of Alabama 1975*, Section 16-25 contains the actual language governing the plan.

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**. Once enrolled, the member must continue participation until employment is terminated. Active members of the Employees' Retirement System (ERS) and student employees 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 year of employment. The member will be given the opportunity to purchase the first year of temporary employment.

Tier 1 or Tier 2

Tier 1 Plan Member: Any member of the Retirement System who had service for which the member 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 System 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.

Member Online Services (https://mso.rsa-al.gov)

The RSA Member Online Services (MOS) website offers members a quick way to view their TRS statement and RSA-1 statement. PEEHIP members can view current coverages, update contact information, and enroll, change, or cancel coverage during Open Enrollment. New members can enroll in PEEHIP within the first 30 days of employment. You will need to register by creating a User ID and Password. MOS also allows members to receive Board election ballots and statements via the email preferences section.

Annual Statement of Account

You may view your account statement online using MOS. The purpose of the annual statement is to provide you with information pertaining to your beneficiary, member contributions, accumulated interest, creditable service, and earnings. This also provides you with the opportunity to verify your records and use the information for retirement planning.

The statement includes a Personal section where your beneficiary is indicated. Please check to make sure this information is current. If not, contact the TRS and supply us with the updated information. The next section is Member Contributions. This section lists your previously taxed contributions, non-taxed member contributions, total interest, and the balance as of the end of the plan year, which is June 30.

The Creditable Service by Category section breaks down the member's service credit by membership, prior, purchased, and transfer service. This section also indicates if the member is vested in the system or not. The Ten Year Service History section shows your calculated earnings based on actual contributions received for the period beginning July 1 and ending June 30 and will not necessarily agree with your contract salary or the salary reported on your W-2 form. Your contributions and service credit are also shown and are provided by your employer. **All statement information is subject to later audit and correction.**

Designation of Beneficiary

It is very important for members to keep their beneficiary designations current. Failure to do so can result in possible loss of valuable benefits to your survivors. If you wish to change your beneficiary or in the event of marriage, divorce, or the beneficiary's death, file a new beneficiary designation with the TRS.

The Designation of Beneficiary Prior to Retirement form is available on our website or you may contact the TRS. You may name more than one beneficiary and designate them as contingent or co-beneficiaries. If there is no beneficiary at the member's death, the member's estate will be paid the appropriate death benefit.

A retired member who is receiving a benefit under the provisions of Option 2, 3, or 4 retirement allowance may designate a replacement beneficiary for a monthly survivor benefit if the designated beneficiary predeceases the retired member or if the member and the designated beneficiary become divorced. See Replacement Beneficiary.

Change of Address

Having your current home mailing address on file with the TRS is very important. Many important documents are mailed to each member such as your *Advisor*, TRS Board of Control Election ballots, and RSA-1 statement. **Active members must change their address with their employer.** Retirees and beneficiaries may change their address through MOS. Retirees and beneficiaries may also change their address in writing, with signature, either by letter or Address Change Notification form which can be found on our website or requested from Member Services. Address changes cannot be made through email or over the phone.

Email Preference

To receive your Board election ballots and statements by email, select email preferences through Member Online Services (MOS) at https://mso.rsa-al.gov.

Contributions

Tier 1 Member Contributions

Member contributions are based on percentages of earnable compensation, but earnable compensation cannot exceed 120% of base pay. Member compensation rates are determined by statute and subject to change by the Alabama Legislature.

Regular Employees	7.5%
Full-time, Certified State Firefighters Correctional Officers Law Enforcement Officers	8.5%

Tier 2 Member Contributions

Member contributions are based on percentages of earnable compensation, but earnable compensation cannot exceed 125% of base pay. Member compensation rates are determined by statute and subject to change by the Alabama Legislature.

Regular Employees	6.2%
Full-time, Certified State Firefighters Correctional Officers Law Enforcement Officers	7.2%

Employer Contributions

The employer's contribution rate is established after each annual actuarial valuation of participating agencies.

Types of Creditable Service

Creditable service is the total service credit accrued to your account and is one part of the formula used to calculate your retirement benefit. It includes membership service, prior service, purchased service, and transferred service. Periods of part-time or less than full-time service should be prorated based on the percentage of time worked in relation to full time. For university faculty, a sabbatical at part salary results in a similar proration of service credit.

Membership Service

Membership service is service credit earned as an employee while a member of the TRS and making contributions to the TRS. Members can earn no more than one year of service credit within each scholastic year (July 1 - June 30). Service credit is calculated by your employer and reported to the TRS. Service credit is subject to review, audit, and correction by the TRS.

Prior Service

Prior service is service credit which is earned prior to your agency's participation date in the TRS.

Purchased Service

Alabama state law allows active members to purchase service credit for certain types of past employment. Purchasing service credit may increase the amount of your retirement income or allow you to retire sooner. See Purchasing Additional Service Credit.

Transferred Service

If a member previously worked for an agency covered under the ERS, the member must authorize a transfer of service credit to the TRS.

Leave of Absence

A member of the TRS who is on leave of absence without pay is not entitled to any service credit while on such leave. A member receiving workers' compensation pay is also not entitled to any service credit for such pay.

Vesting

Vesting means the member has earned enough service credit to be eligible for a lifetime retirement benefit other than a refund of contributions. Members have a vested status in the TRS after accumulating 10 years of creditable service. Members cannot convert unused sick leave to retirement credit in order to meet the minimum 10 years of service required for vesting.

Termination of Service

Ineligible for Retirement

A member has three options once they terminate employment prior to retirement eligibility:

1. If the member is vested (has at least 10 years of service), retirement contributions may be left in the system until age 60 for Tier 1 members and age 62 for Tier 2 members. The member may apply for service retirement to be effective the first of the month following attainment of age 60 for Tier 1 members and age 62 for Tier 2 members.
2. With less than 10 years of service, the member may leave contributions in the system for up to five years. If the member has not returned to employment as a participating member, the account will be terminated and contributions plus any refundable accrued interest will be payable to the member.
3. 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.

Note: An approved leave of absence does not constitute termination of employment.

To request a refund, contact the TRS and request a Notice of Final Deposit and Request for Refund form and the Special Tax Notice Regarding Your Rollover Options or download them from our website. Instructions for completing the form are located on the reverse side of the form.

Please read the Special Tax Notice for its valuable tax information. The taxable portion of the refund is subject to federal income tax withholding at the rate of 20 percent unless the taxable amount of the refund is transferred directly (rolled-over) from the RSA to the trustee of an Individual Retirement Account, Annuity, or Qualified Retirement Plan.

If the member elects to receive the refund directly, the member will be refunded 80 percent of the taxable amount of the retirement contributions and refundable interest, if any. The taxable portion of the refund may also be subject to a 10 percent additional tax if the member is less than 59½ years old. No portion of the refund is subject to state of Alabama income tax.

In January following the calendar year in which a taxable refund is made, a 1099-R will be issued to the member who has directly received the refund, regardless of whether the individual rolled-over the refund to a qualified plan within 60 days of the date of withdrawal.

Refund of Contributions

A member's contributions are only refundable at the request of the member upon termination of employment and application for refund. There are no partial refunds; all contributions are refunded in full.

Interest on the account is only refunded if the member has at least three years of membership service. The employee is not entitled to the total interest credited to the account.

Upon withdrawal, all service credit established with the TRS is canceled. For vested members, the right to lifetime monthly retirement benefits (at age 60 for Tier 1 members and age 62 for Tier 2 members) is forfeited upon withdrawal.

By law, interest is credited on the previous year's average balance at the rate of four percent per annum. Refunds may be subject to a federal tax penalty.

Table of Refunds

Years of Membership Service	Amount of Interest Refunded	Contributions Refunded
Less than 3 years	None	All
3 years but less than 16 years	50%	All
16 years but less than 21 years	60%	All
21 years but less than 26 years	70%	All
26 years or more	80%	All

Purchasing Additional Service Credit

Alabama state law allows active members to purchase service credit for certain types of past employment. Purchasing service credit may increase the amount of your retirement income or allow you to retire sooner.

To purchase service credit, the member must ensure proper certification of the service. Request the appropriate certification form by contacting the TRS or download the form from our website. Have the form completed by an official record keeper where the service was performed. Then return the completed certification form to the TRS.

Military Service in the U.S. Armed Forces

During an active member's **first year** of participation in the TRS, the member may purchase up to four years of eligible military service provided the member has had no previous period of eligibility.

- Eligible service includes honorable service in the U.S. Armed Forces for which the member is not currently receiving service retirement benefits from any branch of the U.S. Armed Forces, or from any source other than benefits received exclusively as payment for a service connected disability.
- Weekend service and summer camp service with the National Guard and Reserves are not eligible to be purchased as creditable service.
- To purchase this service, complete the Statement of Military Service 1109 form and submit it to the TRS. Military documentation that verifies the periods of military service and character of service must be provided. Examples of documentation include DD Form 214 and discharge notification.
- The cost to purchase military service in the first year is four percent of the average salary paid to a teacher during each year of claimed service plus eight percent interest compounded from the last date of service to the date of payment. The full amount must be paid in a lump-sum for all active duty time up to four years.

The next opportunity to purchase military service will be after accumulating **10 years of creditable service** and will cost substantially more.

- Once an active member of the TRS has accrued 10 years of service, the member may purchase up to four years of active military service if not purchased during the first year of participation.
- Eligible service includes honorable service in the U.S. Armed Forces for which the member has not received credit for such service toward retirement status in the TRS, ERS, or any other public pension fund, including the U.S. Armed Forces.
- Weekend service and summer camp service with the National Guard and Reserves are not eligible to be purchased as creditable service.
- To purchase this service, complete the Statement of Military Service 90-528 form and submit it to the TRS. The cost of purchasing credit for military service after ten years of service will be the full actuarial cost. The full actuarial cost is based on the member's life expectancy, salary, and earliest date eligible to begin receiving retirement benefits. This service must be purchased prior to the member's retirement.

Noble Eagle Service (Act 02-430)

Noble Eagle Service applies to TRS contributing members who are called to active military duty.

Upon return from active duty, members are permitted to purchase credit for the retirement service credit that was missed during the period of military activation. The member must provide the TRS with a copy of his or her Form DD214. The employing agency must provide the TRS with a record of the missed salary for the period. The member must submit the contributions that were missed during that period and the employer must submit the employer contributions that were missed during that period. No interest is charged.

The member has up to 3 times the length of the activation, up to a maximum of 5 years, to submit the contributions. For example, a member who was activated for 1 year will have 3 years to submit the missed contribution and establish retirement credit. A member who was activated for 6 months would have 18 months to submit the missed contributions.

Members cannot purchase Noble Eagle credit for a leave of absence for training.

Restoration of Withdrawn Service Credit from the RSA

After completing two years of contributing service, any member who previously participated in either the TRS or ERS and withdrew his or her contributions may restore the previously canceled creditable service. The withdrawn service cannot be service credit established with any other public retirement system.

The cost to purchase the withdrawn service is the amount previously withdrawn plus eight percent interest compounded from the date of withdrawal to the date of payment. The total withdrawn amount must be paid in a lump-sum and made prior to termination of employment.

Maternity Leave Without Pay

An active member (male or female) of the TRS may purchase up to one year of credit for each period of maternity leave without pay. The member cannot purchase credit for any period of maternity leave in which they already have credit for in the TRS.

The cost to purchase this service is the full actuarially determined cost. Payment must be made no later than June 30 of the scholastic year following the expiration of maternity leave without pay. Contact the TRS for more information.

Out-of-State Public Service

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service and transferred ERS service, may purchase up to ten years of out-of-state public service. The service to be purchased must have been credited under another public retirement plan, but cannot qualify the member for any benefits under any other public plan.

This service may be purchased in increments of one year. The cost of purchasing credit for out-of-state public service is the full actuarial cost. The purchase must be completed prior to the member's retirement. The Application and Certification for Out-of-State Service Credit is located on our website or you may request this form from the TRS.

TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service and transferred ERS service, may purchase up to ten years of TRS Support Personnel, Teacher Aide, Job Corps, or Teacher Corps service. A member can also only purchase up to eight years of Alabama Public Service. The Certification of Teacher Aide Service, Teacher Corps Service, and Job Corp Service form is located on our website or request it from the TRS.

Department of Defense Dependent School Service

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service, may purchase credit for service as a regular employee of a school operated by the U.S. Department of Defense.

Eligible service cannot include service credited to another plan. This service may be purchased in increments of one year at the full actuarial cost. The cost is the full actuarial cost and must be made prior to retirement. The Statement of Department of Defense Dependent School Service form is located on our website or request it from the TRS.

Sources of Funds

Members of the TRS who are purchasing any type of permissible service as outlined previously in this section may do so by rolling funds from tax deferred savings plans such as tax sheltered annuities (IRC 403(b)), governmental deferred compensation plans (IRC 457) like RSA-1, IRAs (IRC 408), or qualified plans (IRC 401). **This includes funds in your RSA-1 account.**

The member may have these funds transferred directly from the other plan to the TRS and avoid paying tax at the time of transfer, any early distribution penalty, or required withholding. The necessary form will be provided to members when they are notified of the cost for any service purchases.

Note: Eligibility for and cost of all service purchases are based on the provisions of law in effect at the time of purchase.

Death of a Member Prior to Retirement

Preretirement Death Benefit

If a member dies prior to retirement, death benefits are calculated and paid to the beneficiary(ies) based on the member's age, service credit, employment status, and eligibility for retirement. The preretirement death benefits the beneficiary(ies) or estate will receive are outlined in the chart below.

Ineligible to Retire

Member Age	Years of Service Credit	Preretirement Death Benefit
Under 60 Tier 1	Between 1 and 25	Member contributions, total interest earned, plus an amount equal to the member's salary for the prior plan year (July 1 - June 30)
Any Age, Tier 1 or Tier 2	Between 1 and 10	
Any Age	Less than 1 year, 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, 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	Preretirement Death Benefit
Any Age	25 or more, Tier 1 Only	Choice of 1. Lifetime Monthly Benefit Option 2 for surviving spouse Option 3 for non-spouse beneficiary (This choice is available if only one beneficiary is designated.) Or 2. Member contributions, total interest earned, plus an amount equal to the member's salary for the prior plan year (July 1 - June 30)
60 and Older Tier 1	10 or more	
62 and Older Tier 2	10 or more	
Any Age, Tier 2	30 or more with a 2% reduction for each year from age 62	

If death occurs more than 180 calendar days after the member's last day in 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.

The designated beneficiary(ies) will receive the death benefit after the Application for Survivor Benefit form and a certified death certificate have been submitted to the RSA. If there is no designated beneficiary, the death benefit will be paid to the member's estate.

Term Life Insurance Benefits

The beneficiary(ies) or estate of a deceased full-time **active** member or a full-time member who dies within 90 days of being in active pay status is eligible to receive $15,000 in life insurance benefits. For members who are less than full-time, the benefit will be prorated. For example, if the member was half-time, the benefit paid would be $7,500.

Change of Beneficiary

When a new member joins the TRS, the member designates a primary beneficiary(ies) and contingent beneficiary(ies) on the Designation of Beneficiary Prior to Retirement form. It is very important for the member to maintain a current beneficiary on record. If an active member wishes to change the beneficiary designation, the change must be made on the Designation of Beneficiary Prior to Retirement form.

If the primary beneficiary predeceases the member, the TRS will pay the contingent beneficiary the death benefit. If at the member's death, there is no beneficiary designated, the estate of the member will receive the appropriate death benefit.

To make beneficiary changes, retired members must contact the TRS. See Replacement Beneficiary.

Reporting the Death of a Member

The beneficiary or family of a deceased active member should contact the Payroll/Personnel Officer of his or her place of employment for information and the appropriate forms. The TRS may be contacted if there are any questions about benefits or identity of beneficiaries.

Upon the death of a retired member, the beneficiary or family should contact the TRS for information and the appropriate forms.

Retirement Benefits

Service Retirement

Service retirement benefits are available to members who cease TRS-covered employment and meet minimum service and age requirements. The monthly retirement benefit is made for life without interruption unless there is a return to full-time employment with a TRS or ERS agency, or to temporary employment in excess of the limits to be described in Postretirement Employment.

Tier 1 Members

A member is eligible to receive retirement benefits under either of the following conditions:

- The member has at least 10 years of service credit and has attained the age of 60.
- After accumulating 25 years of service credit at any age.

A member is eligible to retire the first day of the month following attainment of age 60 with 10 years of creditable service or the first day of the month following attainment of 25 years of service credit. Members may only retire on the first day of any month they are eligible.

Eligible members may convert unused sick leave days to service credit to meet the minimum requirement for service retirement. For additional information, refer to Sick Leave Conversion.

Tier 2 Members

A member is eligible to receive retirement benefits under either of the following conditions:

- The member has at least 10 years of service credit and has attained the age of 62 (age 56 for certified firefighters or law enforcement officers).
- After accumulating 30 years of service credit with a 2% reduction for each year from age 62.

A member is eligible to retire the first day of the month following attainment of age 62 (age 56 for certified firefighters or law enforcement officers) with 10 years of creditable service. Members may only retire on the first day of any month they are eligible.

Eligible members may convert unused sick leave days to service credit to meet the minimum requirement for service retirement. For additional information, refer to Sick Leave Conversion.

Tier 1 and Tier 2 Members

Any member **convicted of a felony offense** related to their public position or certain sex offenses involving a student or minor will forfeit their right to lifetime retirement benefits pursuant to the provisions of *Ala. Code* §36-27D-1. A member forfeiting benefits will receive a refund of his or her remaining retirement contributions, if any.

To apply for retirement, request a Service Retirement Application Packet Part I from the TRS or your employer, or download the form from our website. This packet includes the Application for Service Retirement, PEEHIP Insurance Authorization, and Direct Deposit Authorization.

The application must be received no less than 30 days nor more than 90 days prior to the effective date of retirement. It is the responsibility of the member to notify the TRS in writing regarding intent to retire. Please include your full name and Social Security number on all written correspondence.

Disability Retirement Tier 1 and Tier 2 Members

If the career of a TRS member is cut short because of permanent disability, the member may qualify for monthly disability benefits. To qualify for a disability benefit, the member must meet **all** the following conditions:

1. The member must have 10 years of creditable service.
2. The member must be in-service. A member is considered in-service if currently working, on paid leave, or on official leave of absence for up to one year, which may be extended for no more than one additional year. A member will not receive service credit for periods of leave without pay.
3. As required by law, the RSA Medical Board must determine the Tier 1 member to be permanently incapacitated from further performance of duty or the Tier 2 member to be permanently incapacitated from regular and substantial gainful employment. The Medical Board bases its determination upon information provided by the member's physician.

The maximum monthly disability benefit is calculated using the same formula that is used for service retirement. A disability retiree is not permitted to convert unused sick days to retirement credit unless the disability retiree is also eligible for service retirement.

To apply for disability retirement, request a Report of Disability Packet and Disability Retirement Application Packet Part I from the TRS or your employer. Both forms are on our website. The Statement by Examining Physician (included in the Report of Disability Packet) and the retirement application must be received by the TRS office no less than 30 days nor more than 90 days prior to the effective date of retirement, which is the first day of a month. The member is responsible for notifying the TRS regarding disability retirement.

A disability retiree will be reviewed once each year for the first five years and once every three-year period thereafter until age 60 for Tier 1 members or age 62 for Tier 2 members to determine whether the retiree remains disabled.

TRS Guide to Retirement

Making decisions about your retirement requires careful planning. The TRS Guide to Retirement may assist you through the retirement process. Please use this guide to ensure you receive the necessary information and receive the benefits in retirement for which you are eligible.

Contact Us

- *Online:* Visit the RSA website at www.rsa-al.gov for benefit information, seminars, publications, forms, videos, and calculators.
- *By Phone:* Call Member Services at 877.517.0020 or 334.517.7000 for any questions you may have about your benefits.

Your Application for Service Retirement or Application for Disability Retirement must be received by the TRS at least 30 days and not more than 90 days prior to your retirement date.

TRS Retirement Preparation Timeline

3 to 5 Years Prior

- Access your MOS account at mso.rsa-al.gov.
- Verify that your beneficiary, contact info, and other data on file is correct.
- Register to attend a Retirement Preparation Seminar.
- Use the online retirement calculator to estimate your benefits.

1 to 3 Years Prior

- Request a retirement benefits estimate report from the TRS.
- Schedule a telephone, online, or in-person appointment to speak with a retirement counselor.
- Utilize our online retirement videos, publications, and PEEHIP retiree premium calculator.

3 to 6 Months Prior

- Notify your employer of your potential retirement, and identify any additional employer requirements (such as a resignation letter or exit interview).
- Complete all sections of the Retirement Application Packet Part I, including your beneficiary's SSN and DOB.
- Submit the signed and notarized application to the TRS **30 to 90 days** prior to your requested retirement date.
- If you or any of your PEEHIP dependents are Medicare eligible, ensure Medicare Part A and Part B are effective on your date of retirement.

Prior to Retirement

- TRS will send you the Retirement Application Packet Part II.
- Select your retirement option and designate your federal tax withholding in Part II.
- Return the signed and notarized form to TRS **prior to your retirement date.**
- If you decide to cancel your retirement, you must submit a signed cancellation request to TRS prior to your retirement date.

Sick Leave Conversion

A TRS member may convert unused sick leave to service credit for retirement purposes. The credit may be used to attain minimum service requirements for retirement or may be added to the total service credit if minimum service has been attained. Members cannot convert sick leave to retirement credit in order to meet the 10-year vesting requirement unless the age eligibility requirements are met (age 60 or older for Tier 1 and age 62 or older for Tier 2). If a member is paid for any sick leave, none can be used for retirement credit.

The following chart is used by the TRS to convert accumulated sick leave days to months of service credit upon service retirement. A member can convert a maximum of one day of sick leave into retirement credit for every month of TRS service credit. TRS members who are state employees may only accrue a maximum of 150 days of sick leave.

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

Computing Your Retirement Benefit

Tier 1 Members

A member's retirement benefit is calculated based on a retirement formula. The factors used in calculating this benefit include:

1. **Average Final Salary (Compensation):** The average of the highest three years (July - June) out of the last 10 years the member made contributions. Partial years are included when calculating the average final salary if they benefit the member.
2. **Years and Months of Creditable Service:** The total amount of creditable service to include membership service, prior service, purchased service, and transfer service.
3. **Retirement Benefit Factor:** The current benefit factor, as established by the Alabama Legislature, is 2.0125%.

Retirement Formula for Maximum Monthly Benefit

Average Final Salary x Years and Months of Service x Benefit Factor ÷ 12 = Maximum Monthly Benefit

Example:

Average Final Salary: $42,000

Service Credit: 27 years and 6 months

$42,000 x 27.5 x .020125 ÷ 12 = $1,937.03 per month

The member also has four options to choose from that are a reduction from the Maximum Monthly Benefit.

RSA Website Calculator

MOS Calculator https://mso.rsa-al.gov: The MOS Calculator allows you to generate a customized benefit estimate. This calculator uses information contained in the records of the Retirement System. The estimate is for illustrative purposes only. It is intended to assist with long-term financial planning. It is not a guarantee of benefits that may be available to a member at retirement.

No decisions should be made regarding actual retirement choices based on whole or in part upon information obtained through this benefit estimator. Before making any final retirement plans, a member should contact an RSA benefits counselor.

Important: When a member submits a retirement application, the staff calculates the monthly benefit under the Maximum Monthly Benefit and the Optional Monthly Benefits. The TRS mails this information to the retiring member, along with the Retirement Application Packet Part II. This packet includes the Retirement Benefit Option Selection form, W-4P Withholding Certificate for Periodic Pension or Annuity Payments, and Postretirement Employment Information.

If no election of an option is made prior to the effective date of retirement, the law specifies that the member will receive the Maximum Monthly Benefit retirement allowance.

Tier 2 Members

A member's retirement benefit is calculated based on a retirement formula. The retirement benefit cannot exceed 80% of the Average Final Salary. The factors used in calculating this benefit include:

1. **Average Final Salary (Compensation):** The average of the highest five years (July - June) out of the last 10 years the member made contributions. Partial years are included when calculating the average final salary if they benefit the member. The retirement benefit is capped at 80% of average final salary.
2. **Years and Months of Creditable Service:** The total amount of creditable service to include membership service, prior service, purchased service, and transfer service.
3. **Retirement Benefit Factor:** The current benefit factor, as established by the Alabama Legislature, is 1.65%.

Retirement Formula for Maximum Monthly Benefit

Average Final Salary x Years and Months of Service x Benefit Factor ÷ 12 = Maximum Monthly Benefit

Example:

Average Final Salary: $42,000

Service Credit: 27 years and 6 months

$42,000 x 27.5 x .0165 ÷ 12 = $1,588.13 per month

The member also has four options to choose from that are a reduction from the Maximum Monthly Benefit.

RSA Website Calculator

MOS Calculator https://mso.rsa-al.gov: The MOS Calculator allows you to generate a customized benefit estimate. This calculator uses information contained in the records of the Retirement System. The estimate is for illustrative purposes only. It is intended to assist with long-term financial planning. It is not a guarantee of benefits that may be available to a member at retirement.

No decisions should be made regarding actual retirement choices based on whole or in part upon information obtained through this benefit estimator. Before making any final retirement plans, a member should contact an RSA benefits counselor.

Important: When a member submits a retirement application, the staff calculates the monthly benefit under the Maximum Monthly Benefit and the Optional Monthly Benefits. The TRS mails this information to the retiring member, along with the Retirement Application Packet Part II. This packet includes the Retirement Benefit Option Selection form, W-4P Withholding Certificate for Periodic Pension or Annuity Payments, and Postretirement Employment Information.

If no election of an option is made prior to the effective date of retirement, the law specifies that the member will receive the Maximum Monthly Benefit.

Maximum or Optional Monthly Benefit

The member must select either the Maximum Monthly Benefit or one of the Optional Monthly Benefits on the Retirement Benefit Option Selection form. Failure to select either the Maximum Monthly Benefit or one of the Optional Monthly Benefits will, **by law**, result in the Maximum Monthly Benefit as the member's retirement benefit selection.

Maximum Monthly Benefit

The Maximum Monthly Benefit pays the highest monthly benefit to a retiring member of the TRS. This benefit is a lifetime benefit paid to the retiree on a monthly basis. At the death of the retiree, all monthly benefits cease. The designated beneficiary(ies) will only receive a one-time prorated monthly benefit covering the days of the month that the retiree was still living.

Optional Monthly Benefit

A member may provide a benefit for a beneficiary by selecting one of the following options.

Option 1

The monthly benefit under Option 1 is slightly less than the Maximum. This benefit is a lifetime benefit paid to the retiree on a monthly basis; however, if the retiree dies prior to receiving payments exceeding his or her account balance, the remaining balance will be paid to the designated beneficiary(ies).

Option 2 (100% Survivor Benefit)

Option 2 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive the same lifetime benefit after the retiree's death. The benefits are calculated based upon the joint life expectancy of the retiree and beneficiary. Once the member retires, the member cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce. See Replacement Beneficiary.

Option 3 (50% Survivor Benefit)

Option 3 allows the retiree to receive a reduced benefit over the life of the retiree in return for allowing the designated beneficiary (only one beneficiary may be designated) to receive one-half the retiree benefit over the beneficiary's lifetime after the retiree's death. The benefits are calculated based upon the joint life expectancy of the retiree and beneficiary. Once the member retires, the member cannot change their beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce. See Replacement Beneficiary.

Option 4

Members may elect to receive a monthly benefit actuarially equivalent to the regular retirement benefit. The monthly benefit paid to the beneficiary cannot exceed the limits determined by federal tax laws. The TRS Board of Control must approve this option.

Replacement Beneficiary

Retirees who elected joint survivor options (Option 2, 3, or 4) at the time of retirement may name a new beneficiary if:

The named beneficiary dies before the retired member	**Or**	There is a divorce between the retired member and the beneficiary

There will be a recalculation of the benefit amount for the retired member and replacement beneficiary. The replacement beneficiary must be in place for at least two years for the monthly survivor benefits to become effective. If the retired member dies within this two year period, no monthly survivor benefit is payable.

Partial Lump Sum Option Plan (PLOP)

At retirement, in addition to selecting the lifetime monthly retirement benefit, you may also elect to receive a one-time, lump-sum distribution.

A PLOP distribution will be made as a single payment at the time your first monthly benefit is paid.

Fast Facts

- The amount of lump-sum distribution you are eligible to receive is based on the maximum monthly benefit amount you are eligible to receive.
- The smallest lump-sum distribution available to you is the amount of one month of your maximum benefit. (Rounded up to the nearest $1,000)
- The largest lump-sum distribution available to you is the sum of 24 months of your maximum benefit. (Rounded down to the nearest $1,000)
- All lump-sum distributions will be provided in $1,000 increments.
- Your monthly retirement benefit will be actuarially reduced based on your age and the amount of the PLOP distribution.

Who is Eligible?

You are eligible to participate in the Partial Lump-Sum Option Plan if you meet all the following criteria:

- Tier 1 members:
  - Have 25 years of creditable service or 10 years of creditable service and attain age 60;
  - Retire on or after October 1, 2019; and
  - Not retire with disability benefits unless the member is also eligible for service retirement.
- Tier 2 members:
  - Have 30 years of creditable service or 10 years of creditable service and attain age 62;
  - Retire on or after October 1, 2019; and
  - Not retire with disability benefits unless the member is also eligible for service retirement.

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

Distribution Options

If you are considering electing the PLOP option, check the box on the Application for Service Retirement that you want service retirement with PLOP. When the RSA sends you your retirement estimate for each option, you will also receive estimates of PLOP for the minimum, midpoint, and the maximum amounts along with the reduction in the monthly benefit.

At retirement, you may elect a lump-sum distribution in an amount between 1 and 24 months of your 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, your 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 benefit alone. To elect the PLOP option, check the box on the Retirement Benefit Option Selection form, and write in the amount you want to receive. This amount must be in thousands ($4,000, or $10,000, or $16,000, etc.).

A PLOP distribution can be rolled over to a financial institution or be paid by direct deposit. If a member has not completed a valid Direct Deposit Authorization, the PLOP distribution will be paid by check. Generally, 20% of the lump-sum distribution will be withheld for federal income taxes.

To defer paying taxes on a lump-sum distribution, you may roll over all or a portion of the distribution to another qualified retirement plan, such as RSA-1. The RSA encourages you to seek advice from a tax professional.

For example, a 60-year-old member with a $3,300 maximum monthly retirement benefit elects to take a lump-sum distribution at retirement. The 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 member chooses the maximum retirement benefit, the cost per $1,000 of the lump-sum distribution for a member retiring at age 60 is $7.38 per month, as per the benefit reduction table (the benefit reduction will vary by retirement system). This member's monthly cost for a $50,000 payment is $369 (50 x $7.38).

To determine the reduced benefit, subtract $369 from $3,300. The member would receive $2,931 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, the RSA must withhold 20 percent 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.

Reinstatement

If you received a PLOP distribution at retirement, returned to active service, were reinstated with ERS or TRS, your benefit will be actuarially-reduced when you retire again. This reduction will be based on your age at the time of the second retirement.

Benefit Reduction Table

The benefit reduction table 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
42	6.40
43	6.43
44	6.46
45	6.49
46	6.53
47	6.57
48	6.61
49	6.66
50	6.71
51	6.76
52	6.82
53	6.88
54	6.94
55	7.00
56	7.07
57	7.14
58	7.21
59	7.29
60	7.38
61	7.48
62	7.58
63	7.70
64	7.82
65	7.96
66	8.11
67	8.27
68	8.45
69	8.64
70	8.85
71	9.08
72	9.33
73	9.61
74	9.92
75	10.25

Deferred Retirement Option Plan (DROP) Tier 1 Only

In compliance with Act 2011-27, the TRS stopped accepting DROP applications March 24, 2011.

Continued Service after the DROP Participation Period

If the member does not withdraw from service after completing his or her DROP participation, the member will resume active contributing membership in the TRS for the purpose of earning creditable service. No time spent participating in DROP will be counted as creditable service.

For 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 his or her 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 contributions in either a lump-sum distribution or make a direct rollover to an eligible plan:

1. The monthly retirement allowance contributions plus 4% interest while participating in DROP and at the lesser of either 4% or what the TRS earned on its investments post-DROP. These contributions 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 to include accrued sick leave. For the first retirement benefit, members cannot convert more sick days to retirement credit than the number certified at DROP entry (the lower of the balance at DROP entry and balance at retirement will be used). For the second retirement benefit, members can count sick days earned after DROP on their post-DROP benefit (the difference between the balance on the date of DROP completion and the balance at retirement will be used if the balance at retirement is larger).

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 his or her 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.**

If the member dies during the period of additional service, no preretirement death benefits will be paid. However, the $15,000 Group Term Life Insurance benefit would be payable to beneficiaries of full-time employees.

Distribution of DROP Account

No distributions from a member's DROP account will be made until the member terminates employment. Upon termination, a member should notify the TRS how the member wants to receive the DROP distribution. **DROP accounts cease to accrue interest after 90 days from the termination of employment.** A member generally receives DROP distributions within 30 days of receipt of the final contribution to the DROP account.

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 traditional IRA, another eligible employer retirement plan, a 403(b) Tax Sheltered Annuity, or a governmental 457(b) plan that accepts rollovers. **The RSA-1 Deferred Compensation Plan accepts rollovers from your RSA DROP account.**

Read the Special Tax Notice Regarding Your Rollover Options prior to making your selection.

To either receive a lump-sum payment or make a direct rollover of the DROP account, complete the Request for DROP Distribution and Rollover Election form and the DROP Termination of Employment of Continued Service Post DROP form and return both to the TRS.

Reemployment with the RSA after Withdrawal from Service

Any member who participated in DROP and withdrew from service may become reemployed with either the TRS or ERS. This additional service will be calculated based on information in Continued Service after the DROP Participation Period.

Postretirement Employment

Employment Restrictions

A TRS retiree employed with a TRS or ERS member agency may continue to receive full retirement benefits provided the retired member meets **both** of the following conditions:

1. The retiree must not be employed or under contract for permanent, full-time employment.
2. The retiree's salary cannot exceed the limitation on earnings. The limits are subject to change each year based upon the Consumer Price Index (CPI). The calendar year limitations are updated each year on our website.

If a retiree's earnings or remunerations exceed the annual limitation on earnings, the retirement benefit will be suspended for the remainder of the calendar year.

- Retirees who return to work with a TRS or ERS member agency in the same calendar year as their retirement are subject to a prorated earnings limitation based upon the number of months remaining in the year. Retirees who retire effective January 1 of a given year are only subject to the annual earnings limitation amount.
- Retirees who return to work with a TRS or ERS member agency in a subsequent year from their retirement are subject to the yearly earnings limitation.
- If a TRS or ERS retiree exceeds the annual limitation on earnings, the employing agency must notify the RSA immediately. Any questions concerning postretirement law should be directed to the TRS.

Contract Employment

Retirees providing services to TRS or ERS agencies on a contractual basis are subject to the postretirement earnings limitations. Retirees providing services through a third-party vendor are subject to the limitations if the retiree is performing the duties of an employee.

Private Employment

There are no limitations on earnings for a service retiree employed in private industry, private education, or for any other organization which does not participate in either the TRS or ERS.

Disability Retiree

A disability retiree employed with a TRS or ERS participating agency is subject to the following limitation: the lesser of the same limitations as a non-disabled retiree or the difference between the average final salary and the annual retirement benefit.

If the retiree is employed with a non-participating agency, earnings cannot exceed the difference between the average final salary and the annual retirement benefit. The earnings restriction is waived upon attaining age 60 for Tier 1 members and age 62 for Tier 2 members for employment with non-participating agencies.

Employment with the ERS

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

Elected Officials

A TRS retiree who is elected or appointed to an office that is covered by ERS may receive his or her full compensation without suspension of retirement benefits provided that he or she does not participate in or accrue additional benefits under the Teachers' Retirement System or Employees' Retirement System for that service.

A TRS retiree serving as a local elected superintendent of education shall not receive both pension benefits and salary unless his or her compensation as the elected superintendent does not exceed the annual earnings limit.

A person whose retirement benefit is based upon service as an elected or appointed official cannot continue in or return to such office and receive both pension benefits and salary.

A TRS retiree who becomes an elected official and participates in a supernumerary plan may continue to receive their retirement benefit while they serve in the elected position. If a TRS retiree is ultimately eligible to become an "appointment supernumerary official," the retiree would not be able to receive both the TRS retirement benefit and the supernumerary benefit.

Full-Time Employment with the TRS

A TRS retiree who is employed full-time with a TRS member agency must have their retirement benefit suspended until the retiree withdraws from service again, at which time the benefit will resume as previously calculated.

If the retiree is employed for a period of two consecutive years, the retiree may petition the TRS Board of Control to permit the resumption of participation in the TRS. Upon approval, the member will pay the contributions over the non-contributing period plus interest and begin contributing on future compensation.

Upon termination of service, the member's retirement benefit would be recalculated to include service accrued since reemployment. The member will also be allowed to reselect a retirement option and beneficiary.

Retiree Information

Cost-of-Living Adjustments (COLAs)

Cost-of-Living Adjustments for retirees are made on an ad hoc basis by the State Legislature. The amount of the increase is based upon the provisions of the legislation.

Direct Deposit

The TRS strongly encourages retirees to elect to have their retirement benefit checks sent directly to their bank by electronic funds transfer (EFT), also known as direct deposit. This service is free, secure, reliable, and convenient. Your retirement benefit will be electronically transferred to your account on the last working day of the month.

To obtain a Direct Deposit Authorization form, contact the TRS or download the form from your Member Online Services (MOS) account at https://mso.rsa-al.gov.

Tax Information

- Retirement benefits from the TRS are subject to federal income tax.
- Previously taxed contributions, including payments made to purchase additional service credit using pre-taxed monies, are exempt from federal taxation over the life of the retiree.
- Federal income tax may be withheld from the monthly benefit payment.
- All retirees will receive a Form 1099-R Income Statement every January for use in filing a federal income tax return. The 1099-R will report the retirement benefits subject to federal income tax.
- If you reside in Alabama, RSA retirement benefits are not subject to state of Alabama income tax. However, if you reside in another state, check with that state's revenue department to determine your tax status.

Deductions from Your Retirement Benefit Check

The following amounts may be deducted from your retirement benefit check:

- Federal income taxes
- Health insurance premiums (PEEHIP or SEIB)

Your benefit is not subject to Alabama income tax.

If you move to another state, your benefit will be subject to that state's tax laws. You can find information about other states' tax laws at www.kiplinger.com and www.retirementliving.com/taxes-by-state.

RSA-1 Deferred Compensation Plan

The RSA-1 Deferred Compensation Plan was established to allow public employees to defer receipt of a portion of their salary until a later determined date, usually at retirement or termination of service. Because receipt of the income is deferred, the deferred income is not included in the employee's federal or state of Alabama gross taxable income.

The majority of people working today expect their retirement income to come from three sources: their pension plan, Social Security, and personal savings. With experts estimating that a person will require between 70 and 80 percent of his or her preretirement income, increasing your personal savings is a good retirement strategy to help supplement your retirement income.

One way for public employees in Alabama to increase their personal savings and add to their financial security is by investing in an Internal Revenue Code Section 457 Deferred Compensation Plan like RSA-1. RSA-1 offers an easy and flexible way to save for retirement through payroll deduction while providing tax relief today.

Employee Eligibility

Any public official or employee of the state of Alabama or any political subdivision thereof is eligible to participate in the RSA-1 Deferred Compensation Plan, regardless of age or participation in the RSA. Participation in RSA-1 is strictly voluntary.

Employee Enrollment

You can enroll in RSA-1 at any time. There are no administrative, membership, investment, transaction, sales, or commission fees for participating in RSA-1. All the money you contribute and all investment earnings are placed into your account and invested by RSA-1.

To participate in RSA-1:

- An employee must complete the RSA-1 Deferred Compensation Plan Enrollment form, the RSA-1 and Peiraf Beneficiary Designation form, and the RSA-1 Authorization To Defer Compensation form and submit the completed forms to the RSA-1 Deferred Compensation Plan office at the RSA to establish an account.
- Initiate salary deferrals by filing an RSA-1 Authorization to Defer Compensation form with your payroll officer. Do not send the RSA-1 Authorization to Defer Compensation form to RSA-1 or the RSA. This form simply authorizes your payroll officer to defer money from your salary.

Easy to Make Contributions

- Contributions may be in any amount desired by the participant as long as the participant does not exceed the maximum deferral allowable under federal law.
- The amount of the participant's contribution may be increased, decreased, or suspended as often as the participant wishes, subject only to employer payroll requirements.
- You can only defer contributions to RSA-1 through payroll deductions.

Rollovers

Members who are eligible for sick or annual leave payments may defer taxes by rolling over these payments to RSA-1 at termination of employment. RSA members may also roll over their RSA DROP account funds to RSA-1 at termination of employment. Rollover of RSA DROP account funds and sick and/or annual leave results in a direct tax savings to you. Likewise, RSA-1 funds may be rolled over to purchase permissible service credit under TRS. See Purchasing Additional Service Credit.

RSA-1 accepts trustee-to-trustee transfers from other Section 457 plans. RSA members must establish an RSA-1 account prior to the transfer. Funds transferred from other Section 457 accounts must never have been from any source other than 457(b).

Tax Savings

The following demonstrates how participation in RSA-1 can help you reduce current taxes:

- An employee earning $2,000 semimonthly
- Deferring $200 into RSA-1 semimonthly
- Filing as single with one withholding allowance

Tier 1 Members	Contributing to RSA-1	Not Contributing to RSA-1
Semimonthly pay	$2,000.00	$2,000.00
RSA-1 Deferral	$200.00	$0.00
7.5% Retirement Contribution	$150.00	$150.00
Federal Tax*	$115.33	$139.33
State Tax**	$67.00	$76.00
FICA	$153.00	$153.00
Take-Home Pay	**$1,314.67**	**$1,481.67**

Tier 2 Members	Contributing to RSA-1	Not Contributing to RSA-1
Semimonthly pay	$2,000.00	$2,000.00
RSA-1 Deferral	$200.00	$0.00
6.2% Retirement Contribution	$124.00	$124.00
Federal Tax*	$118.45	$142.45
State Tax**	$68.00	$77.00
FICA	$153.00	$153.00
Take-Home Pay	**$1,336.55**	**$1,503.55**

In these examples, deferring $200 only decreases your take-home pay by $167 while saving $33 on taxes.

*Based on the 2024 tax tables using single and no adjustments **Based on 2024 Alabama tax tables using single and no dependents

Retirement Savings

Effect of Saving Over a 25 Year Period

Monthly Deferral Amount	Assumed Earnings Rate		
	6%	7%	8%
$25	17,324.85	20,251.79	23,775.66
$50	34,649.70	40,503.58	47,551.32
$100	69,299.40	81,007.17	95,102.64
$200	138,598.79	162,014.34	190,205.28
$400	277,197.58	324,028.68	380,410.56

Effect of Saving Over a 30 Year Period

Monthly Deferral Amount	Assumed Earnings Rate		
	6%	7%	8%
$25	25,112.88	30,499.27	37,258.99
$50	50,225.75	60,998.55	74,517.97
$100	100,451.50	121,997.10	149,035.94
$200	200,903.01	243,994.20	298,071.89
$400	401,806.02	487,988.40	596,143.78

*These examples are provided for illustration purposes only and do not guarantee that the fund will perform at this level in the future.

Contact RSA-1

For more information about RSA-1 and the forms necessary to enroll, contact RSA-1 at 877.517.0020; email RSA-1 at rsa1info@rsa-al.gov; or download the information from our website.

Public Education Employees' Health Insurance Plan (PEEHIP)

PEEHIP was established in 1983 under the provisions of Act 83-455 of the Alabama Legislature to provide health insurance benefits for active and retired employees of Alabama's public educational institutions, which provide instruction at any combination of grades K-14, exclusively under the auspices of the State Board of Education.

PEEHIP is a self-funded plan with the benefits and rates being determined by a 15-member Board. The PEEHIP Board and staff strive to offer members a comprehensive benefit plan at an affordable price and to research and implement cost-saving medical management programs.

The Board also employs a third party administrator to properly pay claims within the scope of benefits determined by the Board. The third party administrator has no financial risk for the plan, but simply pays claims with PEEHIP funds. Blue Cross Blue Shield of Alabama has been the claims administrator for the Hospital Medical Plan since October 1, 1992. Beginning October 1, 2021, Express Scripts® began administering the prescription drug benefit for PEEHIP. Southland Benefit Solutions has been the third party claims administrator for the supplemental plans since the inception of PEEHIP in 1983. UnitedHealthcare® administers the PEEHIP Medicare Advantage PPO Plan effective January 1, 2023.

PEEHIP Information

To receive more information about your PEEHIP benefits, contact PEEHIP at 877.517.0020. Our website contains valuable information such as the PEEHIP Member Handbook, Premium Rates and Copays, Annual PEEHIP Changes, PEEHIP Financial Statements, Retired Member Information, and HIPAA Information. The Member Online Services on our website allows members to enroll, make changes, or delete insurance coverages.

RSA Publications and Notifications

Member Handbooks

Each Member Handbook (TRS, ERS, State Police, and JRF) presents an overview of mandatory participation, creditable service, vesting, disability and service retirement, preretirement death benefits, and postretirement employment. A handbook may be requested at any time.

RSA-1 Deferred Compensation Plan

RSA-1 is a voluntary deferred compensation plan governed by Section 457 of the Internal Revenue Service Code. The RSA will provide an Enrollment Packet at the request of the member or the agency.

Educational Opportunities

The RSA offers its members several opportunities for retirement education. Retirement Preparation Seminars are offered at various sites throughout Alabama. This program helps members to begin or continue their planning and preparation for retirement. The Ret Prep Seminars are full-day programs. Schedules for these seminars are released once a year. The registration packets including the schedule are mailed to Human Resource Offices and Payroll Offices. All schedules and forms are placed on the RSA website for our members' convenience.

The RSA also offers mid-career seminars for members with 1-19 years of service credit. They are called Early to Mid-Career Seminars and are half-day seminars to help you get and stay on the right track for retirement.

Individual counseling appointments are offered across the state as well. These are twenty-minute appointments with a TRS counselor. The counselor will answer your questions and review your estimate of benefits. Schedules are released once a year and are placed on the RSA website.

Members can make an appointment to speak with a TRS Counselor by telephone, online, or at our RSA Headquarters building in Montgomery. Appointments are preferred so that we can review your record and prepare your calculations prior to the meeting. We do accept walk-ins when openings are available.

RSA Annual Report

In April 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.

Annual Comprehensive Financial Report (ACFR)

The ACFR, published annually, provides more detailed financial and actuarial information about the RSA.

RSA Newsletter

The monthly *Advisor* is mailed to each RSA active member, RSA retired member, 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.

RSA Website (www.rsa-al.gov)

The RSA website publishes RSA's member handbooks, videos, the *Advisor*, Annual Reports and information about the TRS, ERS, PEIRAF, RSA-1, and PEEHIP benefits. News from RSA features updates on policies, procedures, new legislation, federal laws, and other late-breaking events. The website also offers links to other state and federal agencies, as well as RSA's investments, such as the Robert Trent Jones Golf Trail and RSA-owned hotels.

Legislative Updates keep members informed about legislative news, current legislation, and archive legislation. Information about Retirement Preparation Seminars, Agency Seminars, and Individual Counseling Sessions is listed under Retirement Planning.

You may also use our Member Online Services (MOS) at https://mso.rsa-al.gov to view your account details, update your contact information, make requests to the RSA, and check the status of your requests. The Retirement Benefit Estimate Calculator on MOS allows members to estimate retirement benefits under the Maximum allowance and Options 1, 2, and 3.

Annual Statement of Account

Your Annual Statement of Account is provided online. The Statement of Account verifies current year contributions and accumulated interest. The total service credit, interest, service purchases, previously taxed contributions, non-taxed contributions, and balance are also provided. The member's designated beneficiary and mailing address as of June 30 are listed.

RSA-1 Statement

For those electing to participate in the RSA-1 Deferred Compensation Plan, a statement is sent to the member's mailing address quarterly. The member's designated beneficiary is listed. You may also view your statement online at our website.

DROP Account Statement (Tier 1 Only)

Each DROP participant receives a statement shortly after the close of each fiscal year (September 30) detailing the preceding year's transactions and giving a year-end account balance.

Postretirement Employment Notification

Each year, the TRS provides the participating agency information regarding postretirement earnings limitations and the requirement for certifying postretirement employment information.

The law mandates that the employer notify the TRS when a retired, RSA member is employed full-time. If the retired, RSA member is not employed full-time, the agency must notify the TRS when the retiree's earnings exceed the earnings limit.

Terminated Account Information Request

The TRS may request mailing address information from participating agencies about former employees whose retirement accounts have 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 at least 10 years of service) will not be terminated.

Want to sit down with a counselor?

Call the RSA Contact Center at **877.517.0020** to schedule your appointment.

Member Services is located in the RSA Headquarters in downtown Montgomery.

201 South Union Street
Montgomery, Alabama

TRS

Mail The Teachers' Retirement System of Alabama
P.O. Box 302150
Montgomery, AL 36130-2150

Website www.**rsa-al.gov**

6-2024