

# READY. SET. RETIRE.

## GROUP 2

---

Employees hired  
September 1, 2009 to August 31, 2013

# Ready, Set, Retire!

- Your Income at Retirement
- Eligibility
- Service Credit
- ERS Annuity
- Payment Options
- Three Steps to Retirement
- Benefits at Retirement
- Return-to-work Retirees
- Resources

---

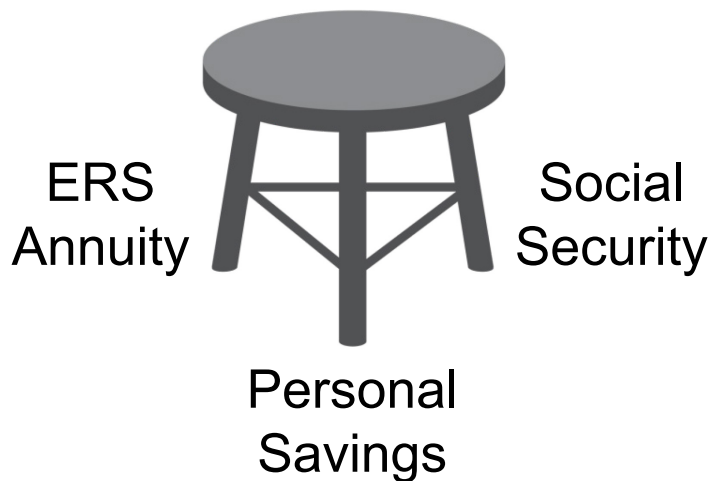
# YOUR INCOME AT RETIREMENT

---



# Three-legged Stool

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



***Can I afford to retire?***

# ERS Annuity



Lifetime  
payment



Average  
monthly  
annuity  
\$1,600

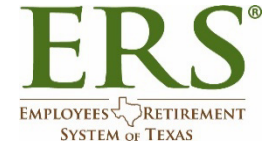


53% of  
your salary



No cost-  
of-living  
adjustments  
(COLAs)

# Social Security Benefit



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

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

# Personal Savings

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

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



---

# ERS RETIREMENT GROUPS

---





# Retirement Groups



## GROUP 1

Hired before September 1, 2009

## GROUP 2

**Hired September 1, 2009 through  
August 31, 2013**

## GROUP 3

Hired September 1, 2013 through  
August 31, 2022

## GROUP 4

Hired September 1, 2022 or after

---

# GROUP 2 ELIGIBILITY

---



# Rule of 80 – GROUP 2

- Your age + your eligible service credit = 80
- Minimum 10 years of eligible service credit for GBP coverage at retirement
- Age-based annuity reduction for Group 2

---

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

# Rule of 80 – **GROUP 2**

## **Employees hired September 1, 2009 – August 31, 2013**

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



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

# Minimum 10 Years of Eligible Service Credit

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

## **GROUP 2**

**at age 65 with a monthly annuity, health insurance, and optional benefits**



See page 8 of the *Planning Your Retirement* (PYR) booklet for more information.

---

# SERVICE CREDIT

---



# Earned Service Credit

- Monthly service credit
- Teacher Retirement System (TRS)
- Proportionate Retirement Program (PRP)
- Optional Retirement Program (ORP)

**See page 10 –11 of the *PYR* booklet  
for more information about earned service credit.**

# Unused Sick and Annual Leave

## GROUP 2

If you retire directly from state service:

- Unused sick leave and unused annual leave can be used as service credit to increase your annuity, but cannot be applied to retirement or insurance eligibility.



# Unused Sick and Annual Leave

Susie has **322 hours** of unused annual leave and **159 hours** of sick leave.

- 322 divided by 160 = 2.013; rounds to 3.
- 159 hours is not enough for 1 month of service credit.



**Susie will get 3 months of service credit.**



# Purchased Service Credit

- Withdrawn service
  - Military service
  - Waiting period
  - Additional Service Credit
- 

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



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

---

# ERS ANNUITY

---



# Calculating Your Annuity

Your highest average salary is the average of the highest **48 months (Group 2)** of salaries you have on file.

**Highest average salary**

**X**

**Service percentage**

(years and months of service x 2.3%)

**=**

**Gross standard annuity**

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

# Calculating Your Annuity

## Without a reduction:

- **Highest Average Salary:**  
\$4,000 (highest 48 months)
- **Percentage value of service credit:**  
46% (20 years x 2.3%)
- **Standard Annuity:**  
\$1,840

## With a reduction:

- **Highest Average Salary:**  
\$4,000 (highest 48 months)
- **Percentage value of service credit:**  
46% (20 years x 2.3%)
- **Standard Annuity:**  
\$1,840
- **Age reduction:**  
85% (Age 57 = 15% reduction)
- **Reduced Annuity:**  
\$1,564





# Deductions

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

---

# PAYMENT OPTIONS

---



# Standard Annuity Option

- Highest monthly lifetime payment
- No monthly survivor payment
- Any remaining balance is paid to your beneficiary
- One or more beneficiaries





# Survivor Options 1, 2 and 5

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

Beneficiary receives:

**Option 1**  
100%

**Option 2**  
50%

**Option 5**  
75%

# Survivor Options 3 and 4

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

## Beneficiary receives:

### **Option 3**

remainder of  
60 monthly payments

### **Option 4**

remainder of  
120 monthly payments

# Partial Lump-Sum Option (PLSO)

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



---

# STEPS TO RETIREMENT

---



# Three Steps to Retirement



- 1. Create a retirement estimate.**

---
- 2. Call ERS to request your retirement.**

---
- 3. Return your retirement documents on time.**

**Tell your agency you're retiring. ERS doesn't disclose this information.**

---

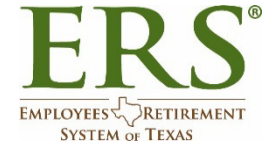
# BENEFITS AT RETIREMENT

---



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

# Retiree Insurance Premiums



Currently, if you're eligible for retiree health insurance, the state pays at least part of your premium. How much the state pays depends on:

- When you started working
- How long you worked
- If you retired from full- or part-time employment

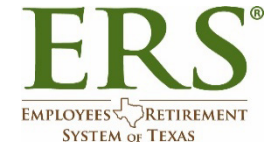
## State Premium Contributions for Retirees from Full-time Employment

<b>100%</b>	5 or more years of GBP participation on Sept. 1, 2014 <i>or</i> 20 years of eligible service credit
-------------	---

<b>75%</b>	15 years to 19 years 11 months of eligible service credit
------------	---

<b>50%</b>	10 years to 14 years 11 months of eligible service credit
------------	---

# Coverage Options



Active Benefits	Retiree benefits
Health + \$5,000 basic term life + prescription benefits	Health + \$2,500 basic term life + prescription benefits
Dental	
Vision	
Optional Term Life: Elections 1 – 4	Optional Term Life: Elections 1-2; \$10,000 Fixed Optional Life
Dependent Term Life - \$5,000	Dependent Term Life - \$2,500
TexFlex – HCRA, DCRA, LFSA	TexFlex - COBRA
Disability benefits (short-term and long-term)	N/A
Accidental Death and Dismemberment (AD&D)	

30-day window to elect or make changes to any benefit that you cannot take into retirement.



# Medicare and Your State Health Insurance



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



**Register for a Medicare Preparation webinar to learn more!**  
**[ers.texas.gov/event-calendars](http://ers.texas.gov/event-calendars)**

# Return-to-work Retirees

- 90-day waiting period to return to state employment, and no prior agreement to return
- Option to elect active employee benefits
- You can't enroll in a Medicare Advantage plan
- Your annuity benefit does not change

# Discount Purchase Program

Treat  
Yourself  
to Cool  
Deals



**DISCOUNT**  
Purchase Program  
administered by BENEPLACE

## Ready to Save?

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

<https://ers.savings.beneplace.com/>

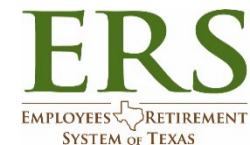
---

# YOUR RESOURCES

---



# Resources



Visit **[www.ers.texas.gov](http://www.ers.texas.gov)** to access:  
your account | retirement information

or

**Call (877) 275-4377**

**Monday – Friday | 8 a.m. – 5 p.m. CT**





**THANK YOU!**