

READY. SET. RETIRE.



# Ready, Set, Retire!

- Retirement Groups
- Your Income at Retirement
- Eligibility
- Service Credit
- ERS Annuity
- Benefits in Retirement
- Leaving State Employment Before Retirement
- Applying for Retirement
- Resources



# Retirement Groups

<b>GROUP 1</b>	Started before Sept. 1, 2009
<b>GROUP 2</b>	Started Sept. 1, 2009 - Aug. 31, 2013
<b>GROUP 3</b>	Started Sept. 1, 2013 - Aug. 31, 2022
<b>GROUP 4</b>	Started Sept. 1, 2022 or after

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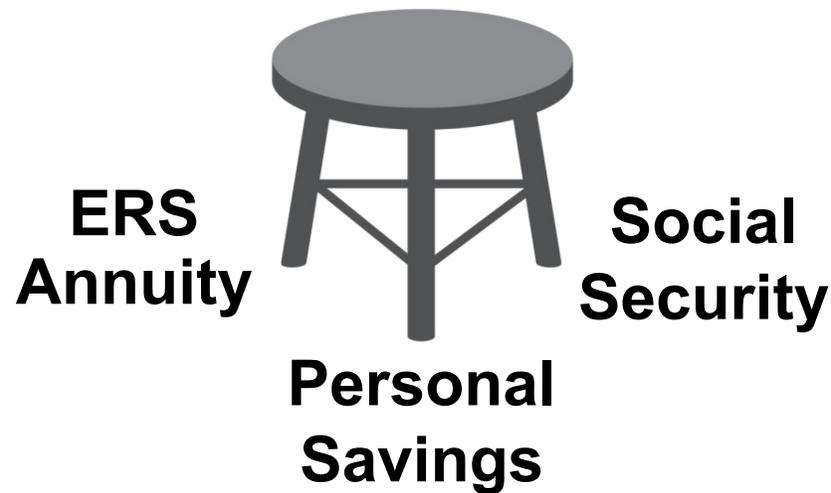
YOUR INCOME  
AT RETIREMENT

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# 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



Current average  
monthly annuity  
\$1,832



The longer you work,  
the higher your  
annuity will be

# 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



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# ELIGIBILITY

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# Retirement Eligibility

	Group 1	Group 2	Group 3	Group 4
<b>Start date</b>	Before Sept. 1, 2009	Sept. 1, 2009 – Aug. 31, 2013	Sept. 1, 2013 – Aug. 31, 2022	Sept. 1, 2022 or after
<b>Minimum age and service with no insurance benefits</b>	Age 60, with at least 5 years of eligible service credit	Not applicable		Age 65, with at least 5 years of eligible service credit
<b>Minimum age and service with insurance benefits*</b>	10 years of eligible service credit, <b>and</b> age 60 or Rule of 80	10 years of eligible service credit, <b>and</b> age 65 or Rule of 80		

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# SERVICE CREDIT

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# Earned Service Credit

## Monthly service

	Group 1	Group 2	Group 3	Group 4
Eligibility for annuity	5 years	10 years	10 years	5 years
Included in annuity calculation	Yes	Yes	Yes	No
Eligibility for retiree insurance	10 years	10 years	10 years	10 years

Whatever group you're in, **the longer you work for the state, the higher your annuity will be.**

- **Groups 1, 2 and 3:** Each month of service included in annuity calculation
- **Group 4:** Contribute to retirement account each month of work, with state matching upon retirement

# Earned Service Credit

## *Other earned service*

	Group 1	Group 2	Group 3	Group 4
Unused sick / annual leave	Eligibility and annuity	Annuity	Annuity*	NA
Proportionate Retirement Program (PRP)	Eligibility	Eligibility	Eligibility	Eligibility
Teacher Retirement System of Texas (TRS)	Transfer for eligibility and annuity	Transfer for eligibility and annuity	Transfer for eligibility and annuity	PRP for eligibility
Optional Retirement Program (ORP)	Eligibility	Eligibility	Eligibility	Eligibility

*\*Group 3 members can apply unused annual leave only if they don't take it as a lump-sum payment from their agency.*

# Withdrawn/Refunded Service Credit

Withdrawn/refunded service...	Groups 1, 2 and 3	Group 4
<b>Counts toward eligibility for retirement annuity</b>	Must be purchased	If certified* or purchased
<b>Counts toward eligibility for retiree insurance</b>	Must be purchased	Must be purchased
<b>Increases amount of retirement annuity</b>	Must be purchased	Must be purchased
<b>Should be purchased as soon as possible</b>	Avoid annual 10% cost increase	Get compounded interest earnings

*\*ERS cautions Group 4 members against just certifying withdrawn/refunded service to reach eligibility. Becoming eligible without increasing your account balance will mean a smaller annuity that may not meet your needs in retirement.*

# Other Purchased Service Credit

*Groups 1, 2 and 3 only*

- Military service credit
- Waiting period service credit
- Additional service credit (ASC)

**Request costs for any purchased service credit online. If you choose to buy, you have payment options.**



**The cost of military service increases 10% every Sept. 1.  
The cost of waiting period service and ASC changes every year on your birthday.**

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# ANNUITY

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# Calculation for Lifetime Monthly Annuity

## Groups 1, 2 and 3



Group 1	Group 2	Group 3
<p>Years and months of service, including sick and annual leave and purchased service credit</p> <p style="text-align: center;">x</p> <p>Average of highest 36 months of salary</p> <p style="text-align: center;">x</p> <p>0.023 (2.3% multiplier)</p>	<p>Years and months of service, including sick and annual leave and purchased service credit</p> <p style="text-align: center;">x</p> <p>Average of highest 48 months of salary</p> <p style="text-align: center;">x</p> <p>0.023 (2.3% multiplier)</p> <p>5% reduction for every year under age 60 (25% cap)</p>	<p>Years and months of service, including sick leave, annual leave not taken as a payout and purchased service credit</p> <p style="text-align: center;">x</p> <p>Average of highest 60 months of salary</p> <p style="text-align: center;">x</p> <p>0.023 (2.3% multiplier)</p> <p>5% reduction for every year under age 62 (no cap)</p>

*The multiplier is funded by the state's annual contributions of 10% of the employee's salary over their career.*

# Calculation for Lifetime Monthly Annuity

## Group 4



### Regular Service Annuity

Regular account balance at retirement, including employee contributions,  
4% annual interest and any gain-share

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150% state match

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A number based on the employee's age and ERS' actuarial tables

*The state match is funded by the state's annual contributions of 10% of the employee's salary over their career.*

# Common Deductions

Retirement annuities are subject to monthly deductions, possibly including:

- Federal income taxes
  - But not Social Security or Medicare (FICA)
- Insurance premiums
  - Health, if subject to tiered retiree insurance and/or you cover eligible dependent(s)
  - Tobacco user premium, if applicable
  - Optional insurance coverages

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# PAYMENT OPTIONS

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# Standard Annuity Option

- Highest monthly lifetime payment
- No monthly survivor payment
- Remaining balance of your contributions is paid to your beneficiary
- You can have one or more beneficiaries



# Options 1, 2 and 5

## *Lifetime survivor payments*

- Reduced annuity
- Choose one beneficiary
- Option 1 or 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%**

# Options 3 and 4

## *Limited survivor payments*

- Reduced annuity
- Pays beneficiary only if you die in the first 5 or 10 years after retirement
- You can designate multiple beneficiaries

### Beneficiary receives:

**Option 4:** remainder of  
120 monthly payments

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

# Partial Lump-Sum Option (PLSO)

- One-time payment of up to 36 months of your standard annuity payment
- Annuity permanently reduced
- 20% tax and possible 10% penalty
  - Roll over to personal retirement account to avoid taxes and penalty
- Not available to:
  - Group 2 who retire before age 60
  - Group 3 who retire before age 62

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# BENEFITS IN RETIREMENT

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**Note:** Health and other insurance benefits for employees and retirees are subject to change based on available state funding. The Texas Legislature decides 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

Employee Benefits	Retiree Benefits
Health insurance: medical + prescription + \$5,000 Basic Term Life	Health insurance: medical + prescription + \$2,500 Basic Term Life
Dental: PPO or HMO	
Vision	
Optional Term Life: Election 1, 2, 3 or 4	Optional Term Life: Election 1 or 2, or \$10,000 Fixed Optional Life
Dependent Term Life: \$5,000	Dependent Term Life: \$2,500
TexFlex: health care or limited-purpose, and/or dependent care	TexFlex: Only through COBRA until plan year ends
Short-term and long-term disability insurance Accidental Death & Dismemberment (AD&D)	NA

At retirement, you have a 30-day window to elect or make changes to your insurance benefits. Then, you can make changes during annual enrollment or with a qualifying life event.

# 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.

**HealthSelect**<sup>SM</sup> of Texas  
*Medicare Advantage Plan*

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**HealthSelect**<sup>SM</sup> of Texas  
Medicare 

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

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LEAVING STATE EMPLOYMENT  
BEFORE RETIREMENT

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# Leaving the State Before Retirement

*Do you really want to?*

If you are vested, you could leave state employment before retirement and still get an ERS annuity and possibly health insurance when you reach retirement eligibility.

## **But there are good reasons to stay:**

- Excellent health insurance with no employee premium
- Access to other ERS insurance coverage
- Higher annuity at retirement
  - Groups 1, 2 and 3 can apply unused leave
- No waiting period for retiree health insurance
- Possibly higher state premium contribution for retiree health insurance

### **What is vesting?**

Vesting guarantees an annuity once you become eligible and choose to retire.

### **Vesting periods:**

- Groups 2 and 3 – 10 years
- Group 1 and 4 – 5 years

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

# Leaving the State Before Retirement

## *Keeping your ERS account vs. withdrawing it*



### **Withdrawing Your Account**

- Withdraw **your** contributions plus interest earnings
  - **Groups 1, 2 and 3:** 2% annual interest
  - **Group 4:** 4-7% annual interest depending on gain-share
- No retirement annuity or insurance benefits from ERS
- If you return to state employment:
  - In Group 4
  - Purchase withdrawn service to increase annuity, reach retirement and insurance eligibility sooner
  - Certify withdrawn service to reach retirement eligibility sooner (not recommended)

### **Keeping Your Account**

- If vested, lifetime ERS annuity when eligible
- If 10 years of service, access to retiree insurance
  - 60-day wait for ERS health insurance
- If you return to state employment:
  - Same group as before
  - Keep your previous service credit without purchasing / certifying it
  - Achieve vesting and insurance eligibility, if needed

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# APPLYING FOR RETIREMENT

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# Know Your Eligibility Date

**Know the date you're eligible to retire.  
Understand how delaying retirement could impact you.**

## Contributing Members

- More state service = higher annuity
  - Groups 1, 2 and 3: more service credit
  - Group 4: continued contributions
  - Age-based annuity reductions
- More state service = higher state contribution to health insurance premiums

## Non-contributing Members

- Groups 2 and 3: annuity amount won't change after age 60 or 62, respectively
- Group 4: annuity will increase due to annual interest and calculation that factors age—but increase might not be worth delay

# Three Steps to Retirement

**1. Create a retirement estimate.**

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

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

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

# 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
- Ineligible for Medicare Advantage while working
- No contributions to ERS pension, but can contribute to Texa\$aver



# 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/home>

# Designate your beneficiaries

- ERS retirement account
  - Once you have 10 years of ERS retirement service, you qualify for the Death Benefit Plan
- Life insurance
- Texa\$aver – once you start contributing  
(Download form and return to Empower Retirement)

**Log in to your ERS OnLine account to designate your beneficiaries.**

Visit **[www.ers.texas.gov](http://www.ers.texas.gov)** to access:  
your account | events calendar | publications

or

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**Call (877) 275-4377**

Monday – Friday | 8 a.m. – 5 p.m. CT



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THANK YOU

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