



April Planner 2025

Employers Edition



Congratulations!

Congratulations to your employees for making it to retirement! The mission of Arkansas Teacher Retirement System (ATRS) is to provide retirement security for Arkansas's past, present, and future public education professionals. Whether an employee is retiring with five years of service or 28, this is a momentous occasion. ATRS is proud to offer retirees a lifetime benefit for their hard work and dedication.

Enclosed you will find information regarding July 1st retirement and entering Teacher Deferred Retirement Option Plan (T-DROP). We have provided additional information on the retirement separation period, Normal Retirement Age, annuity options, Disability retirement, beneficiary forms, our ATRS Member Portal, and our planned 2025-2026 fiscal year contribution rates and multipliers. We understand that for some employees, putting that final retirement puzzle piece in to place can be difficult. If at any point you have questions regarding the following information, please reach out to the Benefits Manager, Mark Twyford, at MarkT@artrs.gov or the Counseling Manager, Otis Willis, at OtisW@artrs.gov.

This is my second retirement season, and I am excited to be here as your Executive Director of ATRS. We have a knowledgeable and capable team available to help your employees. Let's make this a great retirement season!

Handwritten signature of Mark White.

Mark White



July 1 Retirement Fast Facts

We focus a lot on July 1 retirement since most of our educators retire at the end of the fiscal year, which runs July 1st through June 30th. ATRS begins accepting applications for July 1 retirement on March 1, 2025, and stops accepting them May 31, 2025. Applications received after May 31, 2025, will be an August 1 retiree or later. Below are the requirements to be eligible to retire effective July 1, 2025:

- ✓ Vested with at least 5 years of ATRS and/or established reciprocal service
- ✓ Age 60 with at least 5 years of service OR any age with 28 years of service
- ✓ Early retirement with a reduced benefit at any age with 25-27.75 years of service
- ✓ No underpayments or open purchase accounts; all must be paid in full
- ✓ Active employee must complete and submit Application for Retirement Form #245 by May 31, 2025 to be July 1, 2025 retiree
- ✓ Effective retirement date is irrevocable (permanent) after August 31, 2025, or two full calendar months from effective retirement date

July 1 T-DROP Fast Facts

Employees can enter T-DROP only on July 1st. ATRS begins accepting applications for July 1 T-DROP on March 1, 2025 and stops accepting them May 31, 2025. Applications received after May 31, 2025, will not be accepted, and employees will have to wait until the next fiscal year to apply. Below are the requirements to be eligible to apply for T-DROP:

- ✓ At least 28 years of ATRS and/or established reciprocal service
- ✓ Must be active in ATRS or state supported reciprocal plan
- ✓ No underpayments or open purchase accounts; all must be paid in full
- ✓ Applicant must complete and submit Form #221, with completed employer section for active ATRS employees, by May 31, 2025 to enter T-DROP on July 1, 2025
- ✓ Application to participate is irrevocable (permanent) after August 31, 2025

There is a lot of buzz and chatter going around with retirement and what an employee can and cannot do once they retire. We're providing information to help clarify things for your employees. **It is the employee's responsibility to ensure that their application is received by ATRS on time.**

RETIREMENT

VS

T-DROP

Qualifying for Retirement

ATRS is a defined benefit plan, and we provide retirees a lifetime benefit. All July 1 retirees will be eligible for a 3% Cost of Living Adjustment (COLA), which occurs every July 1st. Employees that accrue a full year of service credit (160 days or more) in a fiscal year will be a July 1 or later retiree except under two circumstances. One, if that employee has met Normal Retirement Age and is not separating from service. Two, employees that are not licensed or otherwise certified as a classroom teacher that are vacating a classroom.

Cancelling Retirement

Retirees have two full calendar months, or for July 1 retirees, through August 31, 2025, to cancel their retirement. After the two-month timeframe, their retirement becomes irrevocable. If a retiree elects to cancel their retirement in the two-month timeframe, they must pay back any retirement benefits that have been paid to them.

Changing Annuity Options

Retirees have one full year from their effective retirement date to change their annuity option. A retiree may have to pay ATRS back some of the retirement benefits already received before changing the annuity option. Retirees can only change their annuity option once in the one-year time frame. Retirees must complete and submit a Change of Annuity Option-Within One Year of Retirement Form #335 to ATRS for this to be done.

Four-month Separation Period

The majority of our July 1, 2025 retirees will terminate from their positions by June 30th, 2025. These retirees have a four-month separation period from any ATRS covered employment beginning on their effective retirement date. Retirees can work outside of ATRS employment. **However, they cannot engage in any substitute, part-time, or full-time work, or be paid for any work or professional development training, by any ATRS covered employer for four (4) months.** We encourage employees and bookkeepers to contact ATRS if they have questions surrounding the separation period.

Exceptions to Four-month Separation

Some July 1, 2025 retirees will meet our Normal Retirement Age provision. This means they do NOT have to terminate and separate from their position for four months. Employees that are 65 years old before July 1, 2025, meet this qualification. Employees that meet the "Rule of 98", which is at least 60 years old before July 1st, 2025, and total years of service to equal "98" (example: 60 years old PLUS 38 years of service EQUALS 98) meet this rule as well. We encourage employees and bookkeepers to contact ATRS if they have questions surrounding the Normal Retirement Age rule.

What is T-DROP?

Instead of retiring, many employees elect to participate in T-DROP. This allows employees to continue working while growing their retirement savings. In lieu of retiring, an employee elects to "freeze" their would-be retirement, and a portion of their retirement benefit is deposited monthly into their T-DROP account where it earns interest. Employees can participate for ten consecutive years while receiving monthly deposits and accruing interest on the balance yearly.

Applying for T-DROP

It is important to note that employees must be active in ATRS, or another state supported retirement system, to be eligible to participate in T-DROP. The one-page Application to Participate in the T-DROP Form #221 must be completed and submitted by May 31, 2025, to enter T-DROP. It is the employee's responsibility to ensure this application is submitted to ATRS on time. **It is the school's responsibility to keep a copy of this form for their records to ensure that the employee is reported correctly at the start of the 2025-2026 fiscal year.**

Qualifying for T-DROP

Active employees with at least 30 years of service (ATRS and established reciprocal service) are eligible for full participation. Employees with at least 28 years of service are eligible to participate, but have a reduction for early entry.

Calculating T-DROP

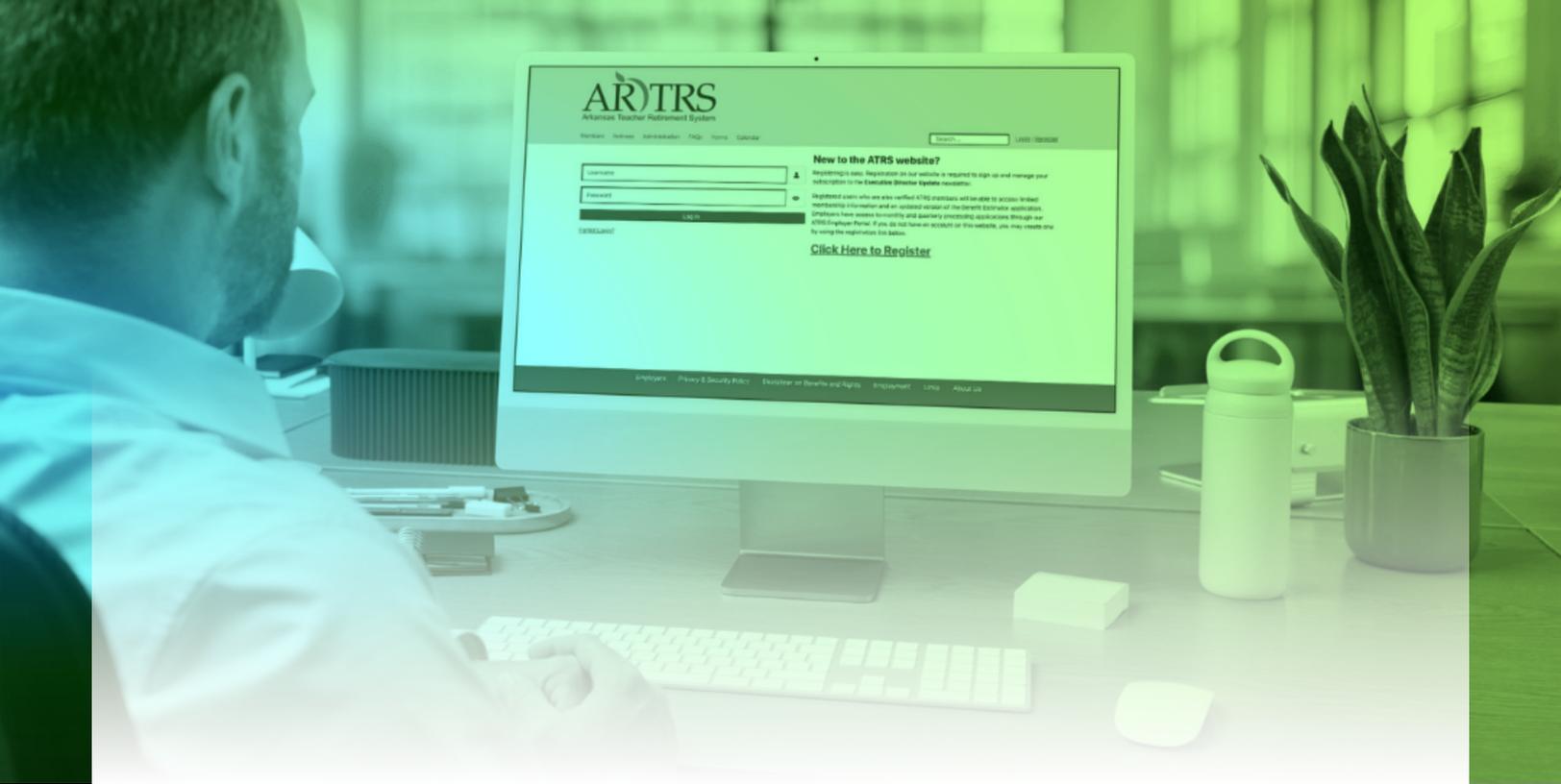
The T-DROP monthly deposit is calculated by multiplying the would-be regular retirement benefit by 1% for each year of service credit. That amount is subtracted from the monthly benefit, and deposited in to a T-DROP account monthly. An additional 6% is reduced for each year less than 30 when one enters T-DROP; 12% at 28 years, 6% at 29 years.

Cancelling T-DROP

T-DROP employees have two calendar months, or through August 31, 2025, to cancel their T-DROP election. After August 31, 2025, the election to participate in T-DROP is irrevocable.

Continuing T-DROP

Employees participating in T-DROP will receive a 3% COLA each July 1st, which is reflected on their benefit once they retire. Employees are allowed to change jobs, with monthly deposits continuing, as long as they continuously work for an ATRS covered employer or established reciprocal employer. Employees can elect to participate in T-DROP for more than 10 years. Their monthly deposits will cease after 10 years, but they will continue to receive annual interest on the T-DROP balance each June 30th.



Submitting an Application

ATRS wants to make it as easy as possible for employees to submit their retirement and T-DROP applications. Eligible employees may apply online via their member portal, where it takes just minutes to apply. **Employees may register for, or access their member portal account, on the ATRS website at <https://www.artrs.gov/login>.** This is the most efficient way to apply, ensuring the deadline is met.

Employees can easily access and download the Application for Retirement and T-DROP Application via the website. This can be found by visiting <https://www.artrs.gov/>, clicking on the FORMS tab at the top, and scrolling down to the Retirement Section: Retirement Application (ACTIVE Member) and Retirement Application (T-DROP Participant). Applications can be submitted via fax at 501-682-2359, or emailed to Info@artrs.gov. Applications mailed to ATRS at the address below must be postmarked by May 31, 2025:

ATRS
1400 West Third Street
Little Rock, AR 72201

ATRS is open for employee visits Monday to Friday, 8:00 a.m. to 4:30 p.m. Appointments are not required to meet with a counselor, but are encouraged. Please have employees email our info line at Info@artrs.gov to request a meeting with a counselor to discuss their retirement. Zoom counseling sessions can also be scheduled by emailing or calling ATRS. We have a fully staffed call center with counselors that can assist with their questions daily. They can be reached at 501-682-1517.

ATRS Annuity Options

When an employee retires, they are given four options as to how they want to draw their monthly retirement: Straight Life Annuity (SLA), Option A, Option B, and Option C. An employee can designate a spouse by selecting Option A or Option B, and must be married for at least one year at the time of retirement. ATRS requires a marriage license, along with the spouse's birth certificate or verification of age and Social Security card. An employee can designate an incapacitated child by selecting Option A or Option B. ATRS requires paperwork showing that the child has been deemed physically or mentally incapacitated by a court of competent jurisdiction.

Straight Life Annuity (SLA)

This is the highest-paying unreduced monthly benefit that an employee receives for their lifetime and stops upon their passing. If any residual contributions remain in the employee's account upon their passing, these are paid out to the designated residual beneficiary in a lump sum.

Option A 100%

This is a reduced monthly benefit that allows the employee to elect their spouse and/or an incapacitated child as their designated beneficiary. Upon the employee's passing, 100% of the reduced annuity will be paid to the beneficiary, or split 50% and 50% if a spouse AND incapacitated child were selected.

Option B 50%

This is a reduced monthly benefit that allows the employee to elect their spouse and/or an incapacitated child as their designated beneficiary. Upon the employee's passing, 50% of the reduced annuity will be paid to the beneficiary, or split 25% and 25% if a spouse AND incapacitated child were selected.

Option C 120 Payments

This is a reduced monthly benefit that is guaranteed for 120 payments. The employee can designate any beneficiary(ies) or entity. If the employee passes away before drawing the 120 payments, their designated beneficiary receives the remaining balance of the 120 payments. If the employee lives past the 120 payments, they "pop up" to SLA on the 121st payment and will draw that amount for the remainder of their lifetime.



ATRS Disability Application

ATRS offers Disability retirement for employees that are not retirement eligible (vested but are not age 60 and do not have 28 years of service). To qualify for disability retirement, an employee must have a total and permanent disability that prevents them from performing their current job duties. An employee must have been active in the current 2024-2025 fiscal year or previous 2023-2024 fiscal year with at least 40 days (0.25 year) of service credit to be eligible to apply. **The deadline to apply if an employee last worked and earned service credit in the 2023-2024 fiscal year is June 30, 2025.** An employee DOES NOT need a Social Security Disability approval to start the ATRS Disability process. If you know of any employees that may need to take advantage of our Disability retirement, please have them contact ATRS.

Designated Beneficiary Form

One of the most important forms an employee needs to have on file when they retire is a current beneficiary form. By designating a beneficiary, employees help ensure that a spouse, child(ren), and other eligible loved ones are provided for after passing away. Designated beneficiaries are potentially eligible for two (2) different and separate types of benefits from ATRS: residual contributions and the Lump Sum Death Benefit (LSDB).

Residual contributions are what the employee has paid in to the system by being contributory. Residual contributions are remaining contributions that have not been paid out yet to a retiree. If an employee passes away while in active status, their residual contributions can be paid out to the beneficiary.

The LSDB is for active employees, T-DROP participants, and retirees that have at least ten years of actual ATRS service credit. This is a non-taxable gift from the ATRS Board. The beneficiary is eligible to receive the benefit, which is between \$6,667 and \$10,000. The amount depends on how many years of noncontributory and contributory years of service an employee has.

Retiree Health Insurance

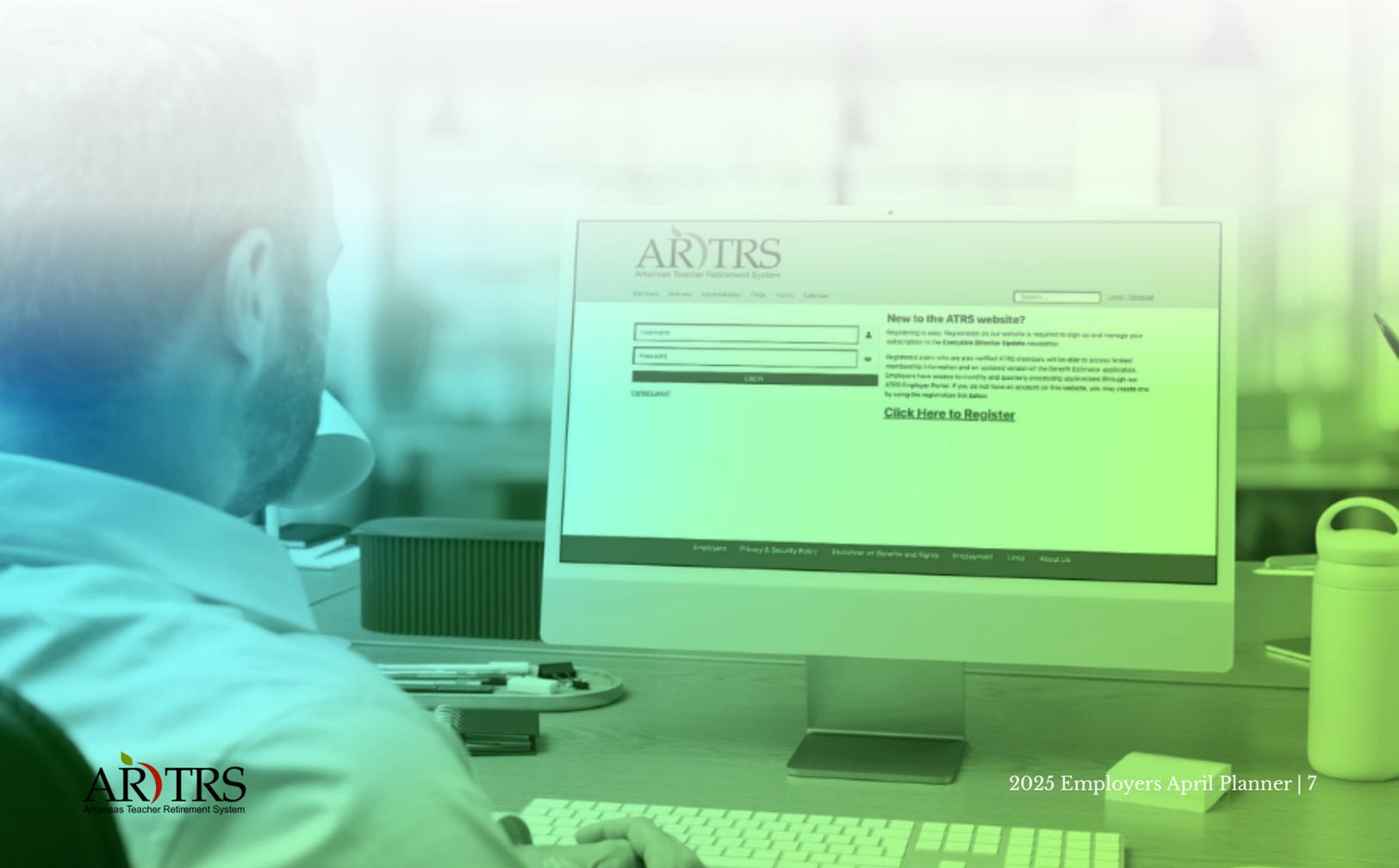
The cost of health care is a big concern in retirement. It is important that your employees understand the options and make plans for health insurance before they retire. ATRS does not administer health insurance, so we cannot advise them on this issue. For information on retiree health insurance options available through the state, please have employees contact the state's Employee Benefits Division (EBD) by calling (501) 682-9656 or (877) 815-1017, or go to <https://my.arbenefits.org/>. For general information on Medicare, they can visit <https://www.medicare.gov/>.

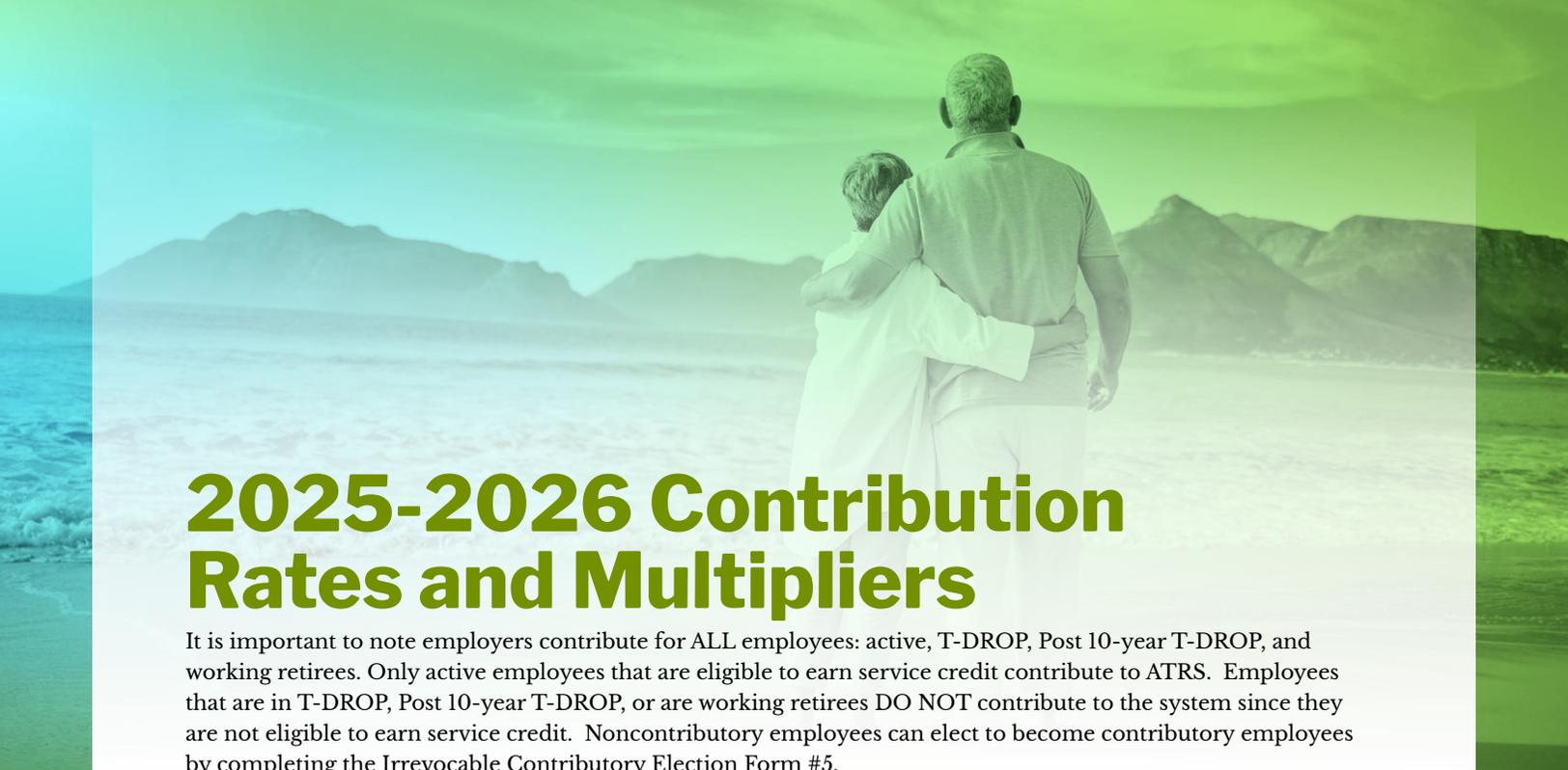
Member Portal Accounts

ATRS encourages all employees, whether active or retired, to create an online Member Portal account:

- ✓ Visit our website at www.artrs.gov.
- ✓ Click the Register button at the top right corner.
- ✓ Employees will be prompted to join by making an account using a personal email account, and creating a username and password that they will remember.
- ✓ When all the steps are completed, they will hit Sign Up, and an email will be sent to the email they have entered.
- ✓ A link will be provided to finalize their account sign up process.
- ✓ Once verified and an employee logs in, they'll go to the Member Portal tab on the left side to input their personal information.
- ✓ After this information has been inputted and verified, their portal account and ATRS account will be connected.

The ATRS Member Portal allows employees the ability to stay connected to their account information at the touch of a button. With many employees looking to retire efficiently, they can submit a Retirement Application or Application to Participate in T-DROP via the portal. Employees are also able to update their address, change a beneficiary, run a benefit estimate, view T-DROP and CBA balances, and view their most recent 1099R tax form. Future enhancements will be coming soon to the portal, so we don't want them to miss this opportunity to stay connected and informed!





2025-2026 Contribution Rates and Multipliers

It is important to note employers contribute for ALL employees: active, T-DROP, Post 10-year T-DROP, and working retirees. Only active employees that are eligible to earn service credit contribute to ATRS. Employees that are in T-DROP, Post 10-year T-DROP, or are working retirees DO NOT contribute to the system since they are not eligible to earn service credit. Noncontributory employees can elect to become contributory employees by completing the Irrevocable Contributory Election Form #5.

7%
**Employee
Contribution Rate**

15%
**Employer
Contribution Rate**

4%
**Outsourced Positions
(Surcharge)**

2.15%
**Contributory
Multiplier**
10 or more years

1.75%
**Contributory
Multiplier**
9.75 or less years
(effective 7-1-18 forward)

1.25%
**Noncontributory
Multiplier**
10 or more years
(effective 7-1-19 forward)

1.00%
**Noncontributory
Multiplier**
9.75 or less years
(effective 7-1-18 forward)

\$600 **\$50**
Annually **Monthly**
Retirement Benefit Stipend
(at least 10 years actual ATRS service credit)

Starts at 2.5%
Cash Balance Account (CBA) Interest
(grows additional 0.25% each year up to 4%)

3%
Regular T-DROP Interest Rate
2025-2026

4%
Post-10 Year T-DROP Interest Rate
2025-2026