

# ATRS Retirement Planner for 2019

Many ATRS members are contemplating whether July 1, 2019, should be their official retirement date, or if a future retirement date would be in their best interest. It is time to determine if this is the right time for **your** retirement and understand that ATRS today is as fundamentally strong as any public pension plan in the nation. Your retirement decisions (entry into T-DROP or actual retirement) should be based on what is best for you and your family. ATRS will try to provide several things to consider along with other retirement facts and information. This update may be a good one to print and keep available for future reference. The best approach is to obtain projections from ATRS that would provide estimates on how much your benefit would increase by waiting longer to enter T-DROP or retire.

## Pause and Reflect

If you are considering retiring but are not 100% sure, you should think carefully before making a final retirement decision. Retiring earlier than you otherwise should have can take retirement income from you and your family for the rest of your life. If you are eligible to retire, the decision to retire is yours to make; however, be sure you have carefully considered your options and chosen the right time to retire. Always feel free to call ATRS staff to help you consider all your ATRS options and always consider getting projections on alternative retirement dates to help guide your decision process.

## Retirees

The simple cost of living adjustment (COLA) remains unchanged at 3% on the base benefit for all retirees who have been retired for at least 12 months on July 1, 2019. All ATRS retirees can still be assured that the COLA maintains and may grow a retiree's buying power. A retiree who retired in 1980 has **176%** of the member's original buying power, for 1990 it is **159%** and for a 2000 retiree it is **112%**.

## T-DROP Participation: Know the Facts

Many of you may not be ready to retire but may be ready to enter into the T-DROP program. You should look carefully at your personal situation before you follow the

trend of entering the T-DROP program when you first reach 28 years of service. ATRS staff can provide T-DROP entry projections for you at 28, 29, 30 or more years of service credit. You should carefully consider future raises or possible promotions before locking in your retirement benefit to enter the T-DROP program. Soon after you enter T-DROP, the decision is permanent. You can always cancel your T-DROP application if you change your mind, up to 2 months after the effective date of your entry into T-DROP. Entering T-DROP with 28 years of service is not the right decision for all ATRS members.

Remember, there is reduction for each year that a member enters T-DROP before reaching 30 years of service credit. Therefore, a member with 28 years of service credit will receive approximately 63% of their regular monthly benefit versus approximately 67% with 29 years of service and 70% for 30 years of service.

Before you enter T-DROP, you should carefully consider whether it is the best decision for you to enter with 28, 29, 30, or even more years of service credit. The T-DROP plan is a 10-year plan with monthly deposits and thereafter pays interest only on the account balance. Be sure to consider your life plan and your work life intentions before entering into T-DROP too early. If you are about to have a materially higher salary after entering T-DROP, then T-DROP could be a big mistake for you. If you plan to work 15 more years after accruing 28 years of service, then entering T-DROP too soon will prevent you from having a much better financial outcome when you actually retire.

You can find additional information in the T-DROP frequently asked questions located on the [ATRS Frequently Asked Questions](#) web page.

If you have any questions, please do not hesitate to call ATRS locally at (501) 588-4374 or toll free (800) 666-2877.

### **T-DROP Interest Rate**

ATRS pays interest on the Regular T-DROP and Post 10-year T-DROP programs. ATRS pays 3% interest on Regular T-DROP balances (with a bonus rate of up to a total of 6% in years ATRS has a strong return) during the 10-year accrual period, and between 4% and 6% (with a bonus rate of up to a total of 7.5% in years ATRS has a strong return) on Post 10-year T-DROP balances. There is also a Cash Balance Account (CBA) program available for members retiring from T-DROP that has guaranteed interest rates which currently go as high as 4% after 6 years. An important additional benefit of using the CBA versus transferring funds to another administrator is

that funds can be withdrawn from the CBA as early as age 55 **without** the 10% early withdrawal penalty.

## **Survivor Benefits**

ATRS has the best survivor benefit that you will find in the whole country. The protection of the survivor program for active members who die in service is there for active members with 5 years of ATRS service. Children of deceased active members and T-DROP participants get 20% EACH (up to 60% of salary) of the member's best one year salary up to age 23 if the children continue, without interruption, as full-time students at an accredited secondary school, college, or university.

## **Ready to Retire and You're Sure**

If you are sure it is time to retire, I have attached a summary of things to consider as you begin the retirement process. It is best to retire on July 1<sup>st</sup> rather than August 1<sup>st</sup>. Retiring on July 1<sup>st</sup> ensures you will receive the 3% simple cost of living adjustment (COLA) the following July 1<sup>st</sup>. If you retire August 1<sup>st</sup>, you will wait 23 months to get your first COLA. You have to be retired a full fiscal year to get the first COLA and it becomes automatic after that on each July 1<sup>st</sup>. ATRS must receive your retirement application, or have it post marked from the U.S. Postal Service, on or before May 31<sup>st</sup> in order for you to become a July 1<sup>st</sup> retiree. Reduce your stress level and get your retirement application submitted early. You can always cancel your retirement application (up to 2 months after the effective date of benefits) if you change your mind.

Many members will have questions about benefit options to cover a spouse and the impact of those options on the monthly benefit. For instance, a member may choose Straight Life Annuity to get the maximum monthly benefit or may take a reduction and protect a spouse or incapacitated child in the event of the retiree's untimely death. Some members will need to gather records such as birth certificates, Social Security cards, marriage licenses, and similar documents.

You can find additional information in the Retirement frequently asked questions located on the [ATRS Frequently Asked Questions](#) web page.

ATRS staff is here to assist you by mailing benefit estimates, answering your questions by telephone, by email at [info@artts.gov](mailto:info@artts.gov), and in person by visits to our office. The ATRS office is open to our members for meetings with counselors Monday through Friday from 8:00 a.m. until 4:30 p.m. Walk-ins are welcome but appointments are

preferred to better assist you. Always feel comfortable to contact ATRS to assist you in this life changing process.

Additionally, you may get an estimate of your benefits at any time by using our on-line benefit estimator. The estimate provided by the on-line benefit estimator will be fairly close to the official projection that you would receive from ATRS. To get started just visit us at [www.artrs.gov/login](http://www.artrs.gov/login) to sign up for an account, a process which takes approximately 10 minutes. After logging in, ATRS members can access the online benefit estimator under the "My Account" menu or directly at [www.artrs.gov/my-account/benefit-estimator](http://www.artrs.gov/my-account/benefit-estimator).

Members who register and complete the member verification process can access their member data, including salary and service credit history. For a short instructional video on how to register, visit us at [www.artrs.gov/registration](http://www.artrs.gov/registration).

For help with any issues regarding the website, questions about your benefits, or any other issue, you can contact ATRS locally at (501) 588-4374 or toll-free at (800) 666-2877.

**\*\*\*\*\*IMPORTANT\*\*\*\*\***

## **Termination Separation Period**

If it is really time for you to retire and after reviewing all information, then you will either be retiring from active service or retiring from T-DROP participation. For any member retiring who is **not** 65 years of age on the effective date of retirement, there is a **termination separation period**. **PLEASE, PLEASE, PLEASE** be sure if you retire that you know the length of your termination separation period and you understand that you cannot work for any ATRS employer during your termination separation period. The separation period ALWAYS begins on the 1<sup>st</sup> day of the month of your retirement effective date and is NOT from the last day that you worked. Most members retire on July 1<sup>st</sup> so most members cannot return back to work for an ATRS employer until January 1<sup>st</sup> of the next year which in this case is **January 1, 2020**.

If you have any questions on this topic, then please **ask first** before you attempt to return to work for an ATRS employer. The results of a mistake here are very costly for retirees. ATRS seeks to avoid any violations by working closely with members and ATRS employers. You should carefully read the portion on the termination separation period on your retirement application and related correspondence.

## **6 Month Separation Period: Required for Most Members**

For members who are not 65 years of age on the effective date of retirement and have less than 38 years of recognized service credit by ATRS, you have a six month separation. If you are a July 1<sup>st</sup> retiree, you cannot return to work until January 1, 2020.

## **1 Month Separation Period: 38 or More Years of Service**

If you have 38 or more years of service credit recognized by ATRS, you have a one month separation period from your effective retirement date. For instance, if you are a July 1<sup>st</sup> retiree, you must wait until August 1<sup>st</sup> to return to work. Be sure to ask ATRS about the amount of service credit that is recognized by ATRS. Do not rely on other sources for this information.

## **No Separation Period: Age 65 or Older on the Retirement Date**

Once a member has reached age 65 and retires **afterwards**, no separation whatsoever is required.

This is just a reminder to everyone; the following ATRS changes listed below will become effective **July 1, 2019**. Please communicate this information to your staff and employees throughout your school districts. If you have any questions regarding these changes, please do not hesitate to call ATRS locally at (501) 588-4374 or toll free (800) 666-2877.

Employee Contribution rate	6.25%
Employer Contribution rate (Active, T-DROP, Post T-DROP, & Working Retiree)	14.25%
Outsourced Positions (Surcharge)	2%
Regular T-DROP Interest rate for 2019-2020	3%
Post 10-Year T-DROP Interest rate for 2019-2020	4%
Contributory Multiplier: 10 or more years	2.15%
Contributory Multiplier: 9 or less years	1.75% (Effective 7/1/2018 forward)
Non-Contributory Multiplier, 10 or more	1.25% (Effective 7/1/2019 forward)
Non-Contributory Multiplier, 9 or less years	1.00% (Effective 7/1/2018 forward)
Benefit Stipend (10 or more credited years of service in ATRS)	\$50.00 Monthly \$600.00 Annually
<b>Cash Balance Account (CBA) Interest</b>	
First fiscal year	2.50%
Second year	2.75%
Third year	3.00%
Fourth year	3.25%
Fifth year	3.50%
Sixth year and beyond	4.00%

**\*\*Very Important note:** The Employer Contribution rate is 14.25% (beginning July 1, 2019 for Active members, Regular T-DROP, Post T-DROP participants, and Working Retirees).

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