Overview

The Tennessee Consolidated Retirement System (TCRS) is the defined benefit portion of the state retirement plan, providing retirement benefits for employees of state government, higher education, public school teachers, and certain local governments. The plan is designed to provide three types of benefits: (1) retirement benefits, (2) disability benefits, and (3) death benefits.

Portability is a key in TCRS. Service and salary earned with any employer in TCRS will count toward your eligibility for retirement and benefit calculation.

TCRS is a well-funded, secure pension plan with plan assets totaling over $43 billion. Retirement benefits are based on a formula that includes salary and service.

Defined Benefit Explained

- Five-year vesting requirement for state employees and teachers. A vested member is one who has accrued enough years of services to receive a retirement benefit once all eligibility requirements are met. Most local governments have also adopted this provision.
- Lifetime monthly benefits payable to vested members at retirement.
- Benefits are determined by a set formula: Accrual Factor (1.5%) x Average Final Compensation (average highest five consecutive year salaries) x Years of Service = Monthly Benefit with/without Benefit Improvement Percentage (BIP)

<table>
<thead>
<tr>
<th>Accrual Factor</th>
<th>Average Final Compensation</th>
<th>Years of Creditable Service</th>
<th>Annual Benefit</th>
<th>Regular Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.50%</td>
<td>$25,000</td>
<td>30</td>
<td>$11,250</td>
<td>$937.50 (with BIP = 1.05%)</td>
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<td></td>
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<td>$984.38</td>
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</tbody>
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Retirement Eligibility

- Service Retirement: age 60 and vested or 30 years of service regardless of age (unreduced benefit)
- Early Retirement: age 55 and vested (reduced benefit)
- 25-Year Early Retirement: upon completion of 25 years of services, but have not reached age 55 (reduced benefit)

Creditable Service

Creditable service is membership service under the plan for which you made contributions, if required, plus any other periods of service credited to you by TCRS. Service credit may be accrued for full-time service as a state employee, higher education employee, a public school teacher in Tennessee or an employee of certain local governments in Tennessee. In addition, you may be entitled to establish credit for other types of service. The types of service that may be established include the following:

- Previously withdrawn service;
- Military Service which interrupted your public employment;
- Military Service rendered prior to May 1975 during a period of armed conflict of peacetime service as defined in Tennessee Code Annotated, Section 8-34-605;
- Education leave of absence which interrupted your employment; and
- Unused accumulated sick leave at retirement

(If you are a municipal or county employee, please refer to your human resources department to determine if this provision has been adopted by your employing entity.)
Contributions

- Employee Contributions: 5% of salary for teachers; 0% for state employees; local government employees may be contributory or non-contributory, or a combination of both
- Employer Contributions: an amount actuarially determined each year

Disability Benefits

An active member who is not eligible for service retirement, but who can no longer engage in any type of substantial gainful employment due to a total and permanent medically determinable disability, may be entitled to TCRS disability benefits. The member must submit an “Application for Disability Benefits” and furnish objective medical records that conclusively document the claim. A disability retiree is subject to annual medical re-evaluation and to an annual review of earnings until age 60. TCRS provides coverage for two kinds of disability: (1) ordinary disability and (2) job-related accidental disability.

Disability benefits are equal to 90% of the service retirement benefit that would have been payable. To be eligible for ordinary disability retirement benefits, you must have a minimum of five years of creditable service. There is no minimum service requirement for accidental disability benefits; however, the accident must have occurred in the performance of duty.

Death Benefits

The beneficiary of an active member who dies prior to retirement may be entitled to one of four survivor benefits: (1) lump-sum refund, (2) line-of-duty benefit, (3) 100% joint and survivor annuity for spouse after 10 years of service, or (4) 100% joint and survivor annuity for any beneficiary after reaching early retirement eligibility. Factors determining the type of benefit payable to your beneficiary include relationship to beneficiary, age, and length of service. Any annuity benefits payable may be reduced by the early retirement reduction factor and/or the appropriate option factor.

Deferred Compensation Program

For state and teacher employees covered by the Legacy TCRS Plan, the State of Tennessee 401(k) Plan is available for employee contributions on a voluntary basis. In addition, state employees, and certain school district employees, may also contribute to the State of Tennessee 457 Plan.

Both the 401(k) and 457 Plans are participant-directed with regard to investments, and participants may choose at what contribution level they wish to participate.

Benefits at retirement are determined by the amount of contributions made to the plans, and the investment experience of those contributions and any earnings thereon. Distribution options include but are not limited to lump sum and rollover options. More information is available through the plan’s record keeper, Empower Retirement.

For More Information

Please contact RetireReadyTN at 800-922-7772 or at www.retirereadytn.gov