

ATRS Retirement Planner for 2022

The retirement season is underway. Members who wish to retire or enroll in T-DROP July 1 must file an application in our office no later than May 31.

Retirement counselors are available through our many resources to assist members with their retirement needs. Counselors are available by phone, email, virtual via Zoom, and Web Chat (located on [artrs.gov](https://www.artrs.gov) homepage). In-office counselors are also available (appointment preferred).

In addition, Retirement and T-DROP presentations including instructions on how to complete retirement forms are available directly at:

<https://www.artrs.gov/preretirement-workshops-and-counseling>

Counselors are available weekdays 8 a.m. - 4:30 p.m. by phone at (501) 682-1517 or email info@artrs.gov. Members who would like a virtual counseling meeting or in-office visit should contact us and schedule an appointment.

Many ATRS members are contemplating whether July 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 it 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. The ATRS Board is focused upon preserving all benefit and annuity structures. 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

It is important to note that 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, 2023. Unlike what has happened in many other state pension systems, ATRS retirees have seen no reduction in their COLA. ATRS is fundamentally strong public pension plan and one of the best in the nation.

T-DROP Participation: Know the Facts

Many of you may not be ready to retire but may be ready to enter 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 deposited into their T-DROP account versus approximately 66% 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 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 retire. Please contact ATRS if you have any questions by phone (501-682-1517) or email (info@artts.gov).

T-DROP Interest Rate

ATRS has a 10-year T-DROP program, a post 10-year T-DROP program, and the Cash Balance Account (CBA) program for members retiring from T-DROP that has guaranteed interest rates for life which currently go as high as 4% after 6 years with bonus interest payments when ATRS has strong returns. ATRS pays between 3% and 6% interest on T-DROP balances (guaranteed 3% with higher rates up to 6% in years with a strong return by ATRS) during the 10-year accrual period, and between 4% and 6% (with a bonus rate when ATRS has strong returns) on post 10-year T-DROP balances.

Survivor Benefits

ATRS has one of the best survivor benefits 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 (up to age 23) 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 1st rather than August 1st. Retiring on July 1st ensures you will receive the 3% simple Cost of Living Adjustment (COLA) the following July 1st. If you retire August 1st, you will wait 23 months to get your first COLA raise. You must be retired a full fiscal year to get the first COLA and it becomes automatic after that on each July 1st. ATRS must receive your retirement application, or have it post marked on or before May 31st for you to become a July 1st retiree. Reduce your stress level and get your retirement application submitted early. You can always cancel your retirement application if you change your mind, up to 2 months after the effective date of benefits.

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.

Additionally, you may get an estimate of your benefits at any time by using our online benefit estimator. The estimate provided by the online benefit estimator will be close to the official projection that you would receive from ATRS. To get started just visit us at 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.

Members who register and complete the member verification process can access their member data, including salary and service credit history. For help with any issues regarding the website, questions about your benefits, or any other issue, you can contact ATRS by phone (501-682-1517) or email (info@artrs.gov).

*******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 has not reached the *Normal Retirement 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 1st day of the month of your retirement effective date and is NOT from the last day that you worked. Most members retire on July 1st so most members cannot return back to work for an ATRS employer until January 1st of the next year which in this case is **January 1, 2023**.

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.

Return to work:

Normal Retirement Age is defined as the age of 65 with 5 or more of credited service OR the age of 60 with 38 or more years of combined credited service. A member must terminate employment unless they meet the Normal Retirement Age.

If you have not met the Normal Retirement Age on the effective date of retirement, you may not return to an ATRS covered employer for six (6) months from your effective date of retirement.

Mid-Year Retirement:

For members who have accrued a full year of service credit (160 days or more), their effective date of retirement cannot begin earlier than July 1 unless the member is retiring under *normal retirement age* and not separating from the employment OR the member is not a classroom teacher (licensed or otherwise) vacating a classroom.

This is just a reminder to everyone; the following ATRS changes listed below will become effective **July 1, 2022**. Please contact ATRS if you have any questions regarding these changes by phone (501-682-1517) or email (info@atrs.gov).

Employee Contribution rate	7%
Employer Contribution rate (Active, T-DROP, Post 10-Year T-DROP, & Working Retiree)	15%
Outsourced Positions (Surcharge)	4%
Regular T-DROP Interest rate for 2021-2022	6%
Post 10-Year T-DROP Interest rate for 2021-2022	7.5%
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
Cash Balance Account (CBA) Interest	
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 15% (beginning July 1, 2022 for Active members, Regular T-DROP, Post 10-Year T-DROP participants, and Working Retirees).

The Employee contribution rate is 7% (beginning July 1, 2022).