

April 28, 2023 - Retirement Planner

Retirement season is underway. Members who wish to retire or enroll in T-DROP effective July 1, 2023, **must file an application with ATRS by May 31, 2023.**

Eligible members may apply for retirement or T-DROP enrollment within minutes by using the member portal. Members may register for or access their member portal account on the ATRS website at www.artrs.gov/login. The process is simple and secure.

If you meet the following eligibility requirements for retirement or T-DROP participation you may submit a hardcopy application or apply online.

Requirements for Retirement Eligibility:

1. For age and service/voluntary retirement, members must be at least 60 years of age and have at least 5 years of credited service. However, members with at least 28 years of credited service may retire at any age.
2. For early voluntary retirement, early reduced retirement benefits are payable if the member is under 60 years of age and has at least 25 years of credited service, including purchased or free credited service.
3. All purchase accounts, employer contributions, and employee contributions must be paid in full **before** a member may apply for retirement benefits.

Requirements for T-DROP Participation:

1. Members must have at least 28 years of credited service.
2. Members must be active members of ATRS.
3. All purchase accounts, employer contributions, and employee contributions must be paid in full before a member may apply for the program.

Retirement counselors are available through our many resources to assist members with their retirement needs. Counselors are available in-person, by phone, by e-mail, and by Zoom. As priority will be given to members with previously scheduled appointments, members who would prefer an in-person or Zoom consultation are strongly encouraged to schedule an appointment with a retirement counselor.

Counselors are available weekdays from 8 a.m.- 4:30 p.m. by phone at (501) 682-1517 or by e-mail at info@artrs.gov.

In addition, Retirement and T-DROP presentations, including instructions on how to complete retirement forms, are available directly at <https://www.artrs.gov/retirement-counseling>.

Many ATRS members are contemplating whether July 1, 2023, should be their official retirement date, or if a future retirement date would be in their best interest. It is never too early to determine when retirement will be right for you. Your retirement decisions (entry into T-DROP or actual retirement) should be based on what is best for you and your family.

Whenever you determine retirement is right for you, rest easy knowing that ATRS remains a fundamentally strong pension plan and will be ready to support you through your retirement. ATRS will try to provide you with several things to consider, including projections and estimates of your benefit amount based on your proposed retirement date and any applicable T-DROP participation. You may want to print and keep a copy of this Retirement Planner for your future reference.

Pause and Reflect

If you are considering retiring, but are not 100% sure about whether you should retire, you should think carefully before making a final retirement decision. The ATRS Board is focused on preserving all benefit and annuity structures. Retiring earlier than you otherwise should could 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 options and always consider getting projections on alternative retirement dates to help guide your decision.

Retirees

The simple cost of living adjustment (COLA) on the base benefit for all retirees who have been retired for at least 12 months remains unchanged at 3%. Unlike many other state pension systems, ATRS retirees have not experienced a reduction in their COLA. All ATRS retirees can rest assured that the COLA maintains and may grow a retiree's buying power.

T-DROP Participation: Know the Facts

Instead of regular retirement, many members may prefer to participate in the T-DROP program. The T-DROP plan is a 10-year plan with monthly account deposits. Interest is paid on the balance in the account.

You should carefully consider your personal situation before entering the T-DROP program. For example, if you are about to have a significantly higher salary after entering T-DROP, then T-DROP could be a big mistake for you. Additionally, if you plan to work 15 or 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.

Entering T-DROP with 28 years of service credit is not the right decision for all ATRS members. You should also carefully consider whether it is best for you to enter T-DROP with 28, 29, 30, or more years of service credit. ATRS staff can provide T-DROP entry projections for you when you have 28, 29, 30 or more years of service credit. Soon after you enter T-DROP, the decision is permanent. If you change your mind about participating in T-DROP, you may cancel your T-DROP application for up to 2 months after the effective date of your entry into T-DROP.

Please note that there is reduction for each year that a member enters T -DROP before acquiring 30 years of service credit. For example, 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.

T-DROP Interest Rate

ATRS has a 10-year T-DROP program, a post 10-year T-DROP program, and a Cash Balance Account (CBA) program for members retiring from T-DROP. Each of these programs pays interest on member account balances. The interest paid on member's CBA account balances may be as high as 4% subject to certain conditions being met.

One benefit of participating in the CBA program versus transferring funds to another administrator is that members can withdraw funds from their CBA accounts as early as 55 years of age **without** incurring the 10% early withdrawal penalty that usually applies until 59 ½ years of age.

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 of up to 7.5% when ATRS has strong returns) on post 10-year T-DROP balances.

Survivor Benefits

ATRS offers and provides highly competitive survivor benefits. Survivor benefits may be available for the survivors of deceased active members, retirees, and T-DROP participants. Please contact ATRS for more information on survivor benefits that may be applicable to your situation.

Ready to Retire and You're Sure

If you are sure that you want to retire, a summary of things to consider as you begin the retirement process is attached. If possible, it is better to retire on July 1st rather than August 1st. Retiring on July 1st ensures that you will receive the 3% simple Cost of Living Adjustment (COLA) the following July 1st. If you retire August 1st, you will not be eligible for a COLA raise until after at least 23 months from your effective date of retirement. You have to 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 from the U.S. Postal Service, on or before May 31st in order for you to become a July 1st retiree. Reduce your stress level and get your retirement application submitted early. If you change your mind about retiring, you may cancel your retirement application for up to 2 months after the effective date of your retirement. Please note that if you cancel your retirement, you must payback any retirement benefits that were paid to you.

You may obtain an estimate of your benefits at any time by using the online benefit estimator available through your member portal account. The estimate provided by the online benefit estimator will be fairly close to the official projection that you would receive from ATRS. To get started just visit www.artrs.gov/login to access your or register for a member portal account. 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 for a member portal account 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 www.artrs.gov/welcome.

For help with any issues regarding the website, questions about your benefits, or any other issue, you can contact ATRS by phone at (501) 682-1517.

*******IMPORTANT*******

Termination Separation Period

Members who are retiring and are **not** 65 years of age on their effective date of retirement or are **not** the normal retirement age must abide by the **mandatory termination separation period requirement**.

PLEASE, PLEASE, PLEASE make sure that when you retire you know the length of your termination separation period and 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 **DOES NOT** begin on the last day that you worked.

Effective July 1, 2023, the termination separation period for all members who must abide by the mandatory termination separation period requirement is **4 full calendar months**. As an example, most members retire on July 1st, therefore, members who retire on July 1st cannot return to work for an ATRS covered employer until November 1st.

If you have any questions on this topic, **PLEASE CONTACT ATRS BEFORE** you attempt to return to work for an ATRS covered 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 termination separation period information provided in your retirement application and other related correspondence.

Return to Work

Currently the normal retirement age allows members who are 65 years of age and have at least 5 years of actual service credit or members who are 60 years of age and have at least 38 years of combined service credit (Rule of 98) to retire without separation from covered employment.

As of July 1, 2023, if you have not met the normal retirement age, you may not return to work for an ATRS covered employer for **4 full calendar months** from your effective date of retirement.

Mid-Year Retirement

Members who have accrued a full year of service credit of 160 days or more **cannot** have an effective retirement date that begins earlier than July 1. This rule does not apply to members who are: (1) at the normal retirement age and not separating from covered employment, or (2) not a licensed or otherwise certified classroom teacher who is vacating a classroom.

Please communicate this information to your staff and employees throughout your school districts. If you have any questions regarding these changes, feel free to consult with our counselors at 501-588-4374, or info@artrs.gov.

Employee Contribution rate	7%
Employer Contribution rate (Active, T-DROP, Post T-DROP, & Working Retiree)	15%
Outsourced Positions (Surcharge)	4%
Regular T-DROP Interest rate for 2022-2023	3%
Post 10-Year T-DROP Interest rate for 2022-2023	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
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% for Active members, Regular T-DROP, Post T-DROP participants, and Working Retirees.

The Employee contribution rate is 7%.