Preparing for Retirement

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TRS is a Defined Benefit Plan

Lifetime monthly benefit for retiree

Monthly benefit calculated using a formula

Contributions are mandatory

7.5% for Tier 1

6.2% for Tier 2

Understanding Your Eligibility for Benefits

- Tier 1 Retirement Eligibility

(joined RSA prior to 1/1/2013)

25 years of service credit at any age or

10 years of service credit and age 60

- Tier 2 Retirement Eligibility

(joined RSA on or after 1/1/2013)

30 years of service credit (with permanent 2% reduction for each year under age 62) or

10 years of service credit and age 62

Firefighters and law enforcement officers can draw benefits at age 56

Determining Your Benefits

Tier 1 Maximum Benefits

Average Final Salary* X Years and Months of Service Credit X .020125 ÷ 12

*The average of the highest 3 years of salary

Tier 2 Maximum Benefits

Average Final Salary* X Years and Months of Service Credit X .0165 ÷ 12

*The average of the highest 5 years of salary

Determining Your Benefits

Membership Service Credit

You earn service credit by working and contributing to RSA

(Missed contributions can impact your service credit)

Purchasable Service Credit

Withdrawn Service

Military Service

Out of State Public Service

Maternity or Medical Leave Without Pay

Determining Your Benefits

Sick leave can be converted to meet minimum service requirements to retire or add to service credit if minimum service requirement has already been met

You can convert a maximum of 1 day of sick leave for each month of retirement credit

Profile of a Tier 1 Member

Age of Member:

63

Age of Beneficiary:

59

Years & Months of Service:

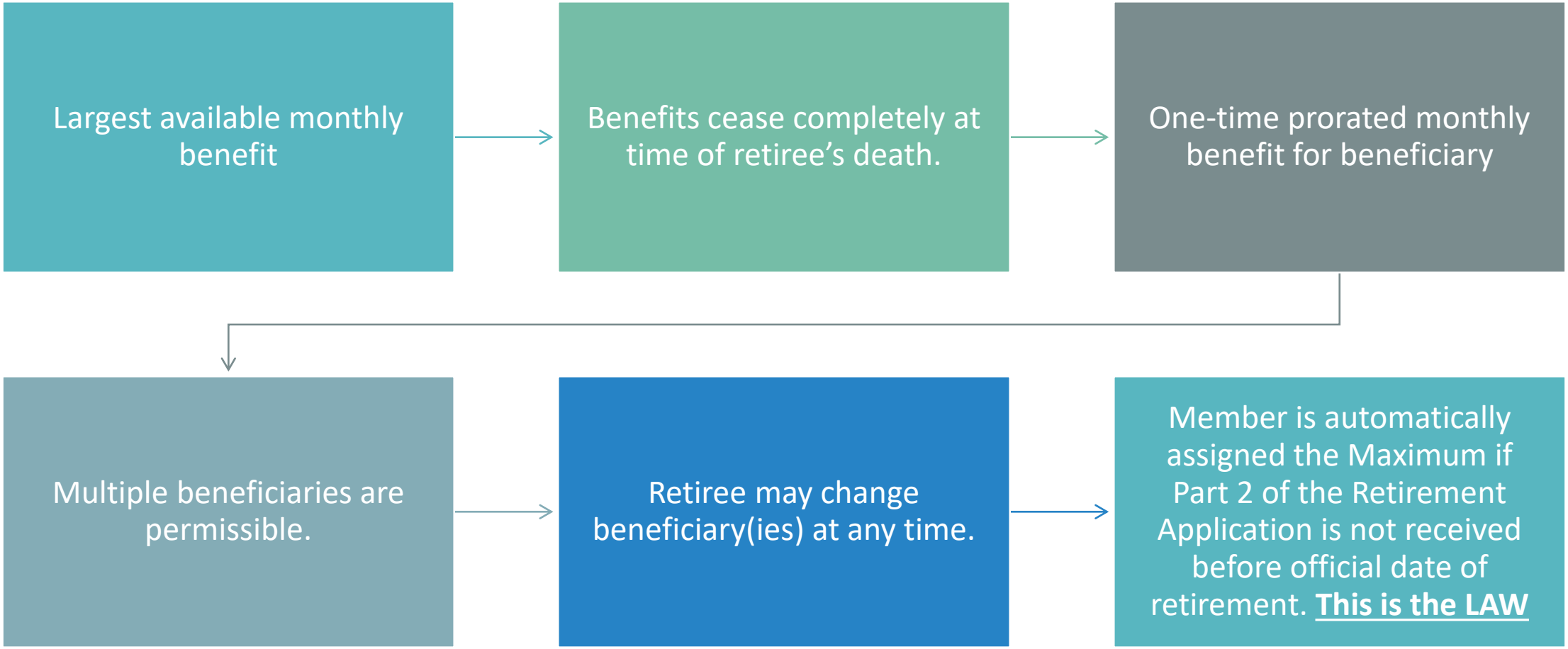
28 years 7 months

Average Final Salary:

$48,000

The calculation in this example uses the Tier 1 formula

The Maximum Monthly Benefit



Option 1

Slightly less than the Maximum benefit

If the retiree dies prior to receiving payments exceeding his or her account balance, the remaining balance is paid to the designated beneficiary(ies).

Multiple beneficiaries are permissible.

Retiree may change beneficiary(ies) at any time.

Example of Lifetime Monthly Retirement Benefits

Maximum Monthly Benefit

$ 2,300.96	per month for the remainder of the retiree's life. All benefits cease at retiree's death.

Option 1

$ 2,279.34	per month for the remainder of retiree's life.
$ 93,000.00	Account Balance: Total of a member's contributions and interest
$ 694.32	Amount that retiree's account balance is reduced by each month
11 yrs. 2 mos.	Approximate length of time to totally deplete the account balance

Option 2 (100% Survivor Option)

- A reduced monthly benefit over the life of the retiree
- Only one (1) beneficiary may be designated to receive same lifetime benefit after the retiree's death.
- Benefits are based on the ages of the retiree and the beneficiary.
- Once the member retires: No change of designated beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce.

Option 3 (50% Survivor Option)

- A reduced monthly benefit over the life of the retiree
- Only one (1) beneficiary may be designated to receive a lifetime monthly benefit of one-half (½) of the retiree's benefit, following the retiree's death.
- Benefits are based on the ages of the retiree and the beneficiary.
- Once the member retires, he or she cannot change the designated beneficiary unless the beneficiary predeceases the retiree or if the retiree and the beneficiary divorce.

Example of Lifetime Monthly Retirement Benefits

Option 2 – (100% Survivor Benefit)

$ 2,079.38 per month for the remainder of the retiree's life, and

$ 2,079.38 per month for the life of the beneficiary, after the retiree's death

- ## Option 3 – (50% Survivor Benefit)

$ 2,184.53 per month for the remainder of the retiree's life, and

$ 1,092.27 per month for the life of the beneficiary, after the retiree's death

Partial Lump Sum Option Plan (PLOP)

- In exchange for a reduced lifetime monthly benefit, the member may elect to receive a partial lump sum payment at the start of retirement.
- Payment amount is one month up to 24 months of the MAXIMUM MONTHLY BENEFIT (increments of $1,000).
- Payment is subject to 20% federal withholding.
- Not eligible with RSA Disability Retirement unless member is already eligible for a Service Retirement.

PLOP Example

ORIGINAL BENEFIT	1 MONTH PLOP	24 MONTHS PLOP
No Lump Sum	$3,000.00 Lump Sum	$55,000.00 Lump Sum
MAXIMUM $2300.96	$2277.86	$1877.46
OPTION 1 $2279.34	$2256.57	$1859.83
OPTION 2 $2079.38	$2058.50	$1696.66
OPTION 3 $2184.53	$2162.60	$1782.46

Three Sources of Retirement Income

Your TRS Lifetime Benefit

Your Social Security Benefit

Consider Investing in RSA-1

RSA-1

- RSA-1 is a 457(b) deferred compensation plan
- You can defer before-tax income to reduce your tax liability and save more for retirement
- You do not pay taxes on your investment until you withdraw from the account
- You can change investments every 90 days
- Pay no fees

Contributions to RSA-1

- There is no minimum contribution
- The maximum for those under age 50 is $20,500
- The maximum for those age 50+ is $27,000

Investment Options in RSA-1

- Fixed Income Fund

  Majority corporate and governmental bonds

- Equity Fund

  S&P 500 Index Fund

- Short Term Investment Fund

  Mix of securities, U.S. Treasury bills & notes

RSA-1 Enrollment

- Enroll at any time
- Change deferral amount any time
- Enrollment forms are found in the RSA-1 Handbook:
  - Enrollment Form
  - Beneficiary designation
  - Investment Option Election
  - Authorization to Defer

Be in Control of Your Retirement

01

Activate your RSA Member Online Services Account

02

Always check your annual TRS statement for accuracy

03

Verify that your beneficiary designation is correct

Website: www.rsa-al.gov
Phone: (877) 517-0020
Email: trsinfo@rsa-al.gov

Member Online Services Portal:
mso.rsa-al.gov

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